

**PRINCIPAL FINANCIAL STATEMENTS
AND NOTES**

PRINCIPAL FINANCIAL STATEMENTS

Principal Financial Statements Included in this Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994 and the Office of Management and Budget's (OMB) Bulletin 97-01, "Form and Content of Agency Financial Statements," as amended. The responsibility for the integrity of the financial information included in these statements rests with management of the U.S. Department of Labor (DOL). The audit of DOL's principal financial statements was performed by the Office of Inspector General (OIG). The auditors' report issued by the Assistant Inspector General accompanies the principal statements.

The Department's principal financial statements for fiscal years (FY) 2001 and 2000 consisted of the following:

- C The **Consolidated Balance Sheets**, which presents as of September 30, 2001 and 2000 those resources owned or managed by DOL which are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities) and residual amounts retained by DOL, comprising the difference (net position).
- C The **Consolidated Statements of Net Cost**, which presents the net cost of DOL operations for the years ended September 30, 2001 and 2000. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. Due to the complexity of DOL's operations, the classification of gross cost and exchange revenues by major program and suborganization is presented in Note 15 to the consolidated financial statements.
- C The **Consolidated Statements of Changes in Net Position**, which presents the change in DOL's net position resulting from the net cost of DOL operations, financing sources other than exchange revenues and the change in DOL's unexpended appropriations during FY 2001 and FY 2000.
- C The **Consolidated Statements of Budgetary Resources**, which presents the budgetary resources available to DOL during FY 2001 and 2000, the status of these resources at September 30, 2001 and 2000 and the outlay of budgetary resources during FY 2001 and FY 2000.
- C The **Consolidated Statements of Financing**, which reconciles the net cost of operations with the obligation of budgetary resources for the years ended September 30, 2001 and 2000.
- C The **Consolidated Statements of Custodial Activity**, which presents the sources and disposition of non-exchange revenues collected or accrued by DOL on behalf of other recipient entities for the years ended September 30, 2001 and 2000.

CONSOLIDATED BALANCE SHEETS
As of September 30, 2001 and 2000
(Dollars in Thousands)

	2001	2000
ASSETS		
Intra-governmental		
Funds with U. S. Treasury (Notes 1-C and 2)	\$ 10,964,910	\$ 9,951,706
Investments (Notes 1-D and 3)	89,094,324	86,550,908
Accounts receivable (Notes 1-E and 4)	4,959,842	4,962,104
Total intra-governmental	105,019,076	101,464,718
Accounts receivable, net of allowance (Notes 1-E and 4)	759,691	783,326
Advances (Notes 1-F and 5)	179,567	170,997
Property, plant and equipment, net of depreciation (Notes 1-G and 6)	777,686	738,804
Total assets	\$ 106,736,020	\$ 103,157,845
LIABILITIES AND NET POSITION		
Intra-governmental liabilities		
Accounts payable	\$ 37,837	\$ 12,023
Advances from U.S. Treasury (Notes 1-J and 8)	7,253,557	6,748,557
Other liabilities (Note 11)	107,423	285,120
Total intra-governmental	7,398,817	7,045,700
Accounts payable	330,327	354,225
Accrued leave (Note 1-K)	93,238	89,422
Accrued benefits (Notes 1-L and 9)	1,558,846	942,732
Future workers' compensation benefits (Notes 1-M and 10)	586,217	561,106
Energy employees occupational illness compensation benefits (Note 1-N)	3,200,000	-
Other liabilities (Note 11)	213,029	207,407
Total liabilities	13,380,474	9,200,592
Net position (Notes 1-R and 13)		
Unexpended appropriations	11,281,332	10,095,063
Cumulative results of operations	82,074,214	83,862,190
Total net position	93,355,546	93,957,253
Total liabilities and net position	\$ 106,736,020	\$ 103,157,845

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2001 and 2000
(Dollars in Thousands)

	<u>2001</u>	<u>2000</u>
NET COST OF OPERATIONS (Notes 1-S and 15)		
CROSSCUTTING PROGRAMS		
Income maintenance		
Intra-governmental	\$ 808,751	\$ 782,781
With the public	<u>36,609,990</u>	<u>27,312,626</u>
Total cost	37,418,741	28,095,407
Less earned revenue	<u>(2,570,342)</u>	<u>(2,480,333)</u>
Net program cost	<u>34,848,399</u>	<u>25,615,074</u>
Employment and training		
Intra-governmental	42,361	43,370
With the public	<u>5,823,371</u>	<u>5,522,606</u>
Total cost	5,865,732	5,565,976
Less earned revenue	<u>(9,437)</u>	<u>(1,157)</u>
Net program cost	<u>5,856,295</u>	<u>5,564,819</u>
Labor, employment and pension standards		
Intra-governmental	111,264	103,254
With the public	<u>417,709</u>	<u>405,233</u>
Total cost	528,973	508,487
Less earned revenue	<u>(12,509)</u>	<u>(8,644)</u>
Net program cost	<u>516,464</u>	<u>499,843</u>
Worker safety and health		
Intra-governmental	132,066	123,355
With the public	<u>587,521</u>	<u>583,246</u>
Total cost	719,587	706,601
Less earned revenue	<u>(3,024)</u>	<u>(3,199)</u>
Net program cost	<u>716,563</u>	<u>703,402</u>
OTHER PROGRAMS		
Statistics		
Intra-governmental	149,297	138,348
With the public	<u>314,841</u>	<u>300,585</u>
Total cost	464,138	438,933
Less earned revenue	<u>(4,829)</u>	<u>(9,973)</u>
Net program cost	<u>459,309</u>	<u>428,960</u>
Costs not assigned to programs		
Less earned revenue not attributed to programs	<u>(25,612)</u>	<u>(22,827)</u>
Net cost not assigned to programs	<u>62,836</u>	<u>43,579</u>
Net cost of operations	<u>\$ 42,459,866</u>	<u>\$ 32,855,677</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2001 and 2000
(Dollars in Thousands)

	<u>2001</u>	<u>2000</u>
CHANGE IN NET POSITION		
Net cost of operations	<u>\$ 42,459,866</u>	<u>\$ 32,855,677</u>
Net financing sources (Note 1-T)		
Non-exchange revenue (Note 16)		
Employer taxes	27,234,707	27,108,898
Interest	5,775,266	5,367,241
Assessments	146,713	145,751
Reimbursement of unemployment benefits	<u>1,072,686</u>	<u>1,014,531</u>
Total non-exchange revenue	34,229,372	33,636,421
Appropriations used	7,953,537	7,627,900
Imputed financing	86,835	78,039
Transfer of Energy employees occupational illness compensation benefits liability	(1,600,000)	-
Transfers (Note 17)	<u>2,146</u>	<u>2,503</u>
Total net financing sources	<u>40,671,890</u>	<u>41,344,863</u>
Net results of operations	(1,787,976)	8,489,186
Increase (decrease) in unexpended appropriations	<u>1,186,269</u>	<u>(2,119,249)</u>
Change in net position	(601,707)	6,369,937
Net position, beginning of period	<u>93,957,253</u>	<u>87,587,316</u>
Net position, end of period	<u>\$ 93,355,546</u>	<u>\$ 93,957,253</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF BUDGETARY RESOURCES

For the Years Ended September 30, 2001 and 2000

(Dollars in Thousands)

	<u>2001</u>	<u>2000</u>
BUDGETARY RESOURCES (Note 18)		
Budget authority	\$ 44,403,052	\$ 40,109,628
Unobligated balances, beginning	2,555,115	3,450,786
Transfers of prior year authority	1,526	7,277
Spending authority from offsetting collections	2,087,500	2,090,577
Adjustments	<u>(1,645,805)</u>	<u>(8,701,550)</u>
Total budgetary resources	<u>\$ 47,401,388</u>	<u>\$ 36,956,718</u>
STATUS OF BUDGETARY RESOURCES		
Obligations incurred (Note 18)	\$ 44,386,257	\$ 34,401,603
Unobligated balances available	2,382,784	1,780,288
Unobligated balances not available	<u>632,347</u>	<u>774,827</u>
Total status of budgetary resources	<u>\$ 47,401,388</u>	<u>\$ 36,956,718</u>
OUTLAYS (Note 18)		
Obligations incurred	\$ 44,386,257	\$ 34,401,603
Less spending authority from offsetting collections	(2,087,500)	(2,090,577)
Less recoveries of prior year obligations	(240,216)	(397,039)
Change in unfilled customer orders	1,901	(1,464)
Obligated balance, net, beginning	8,942,392	9,684,061
Less obligated balance, net, ending	<u>(10,281,482)</u>	<u>(8,942,392)</u>
Total outlays	<u>\$ 40,721,352</u>	<u>\$ 32,654,192</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF FINANCING
For the Years Ended September 30, 2001 and 2000
(Dollars in Thousands)

	<u>2001</u>	<u>2000</u>
OBLIGATIONS AND NON-BUDGETARY RESOURCES		
Obligations incurred	\$ 44,386,257	\$ 34,401,603
Less spending authority from offsetting collections	(2,087,500)	(2,090,577)
Recoveries of prior year obligations	(240,216)	(397,039)
Financing imputed for cost subsidies	86,835	78,039
Transfers, net	2,146	2,503
Exchange revenue not in budget	(117,400)	(66,253)
Trust fund exchange revenue	<u>(389,789)</u>	<u>(420,144)</u>
Total obligations as adjusted and non-budgetary resources	<u>41,640,333</u>	<u>31,508,132</u>
RESOURCES NOT FUNDING NET COST OF OPERATIONS		
Change in amount of goods, services and benefits ordered but not yet received or provided	(743,569)	1,399,540
Capitalized costs	(85,598)	(94,741)
Other	<u>656</u>	<u>(2,036)</u>
Total resources not funding net cost of operations	<u>(828,511)</u>	<u>1,302,763</u>
COST OF OPERATIONS NOT CONSUMING RESOURCES		
Depreciation and amortization	40,126	41,108
Revaluation of assets and liabilities	207,114	243,161
Benefit overpayments	(229,177)	(226,189)
Energy employees occupational illness compensation benefits	1,600,000	-
Other	<u>29,981</u>	<u>(13,298)</u>
Total cost of operations not consuming resources	<u>1,648,044</u>	<u>44,782</u>
Net cost of operations	<u>\$ 42,459,866</u>	<u>\$ 32,855,677</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CUSTODIAL ACTIVITY

For the Years Ended September 30, 2001 and 2000

(Dollars in Thousands)

	<u>2001</u>	<u>2000</u>
SOURCES OF CUSTODIAL REVENUE (Notes 1-U and 19)		
Cash collection of fines, penalties, assessments and related interest	\$ 115,521	\$ 114,170
Less refunds	<u>170</u>	<u>(3,331)</u>
Net cash collections	115,691	110,839
Increase (decrease) in amounts to be collected	<u>(5,413)</u>	<u>23,832</u>
Total sources of custodial revenue	<u>110,278</u>	<u>134,671</u>
DISPOSITION OF CUSTODIAL REVENUE (Note 1-U)		
Net transfers to U.S. Treasury general fund	115,691	110,839
Increase (decrease) in amounts to be transferred	<u>(5,413)</u>	<u>23,832</u>
Total disposition of custodial revenue	<u>110,278</u>	<u>134,671</u>
Net custodial activity	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Labor (DOL), a cabinet level agency of the Executive Branch of the United States Government, was established in 1913, to promote the welfare of the wage earners of the United States. Today the Department's mission remains the same: to foster and promote the welfare of the job seekers, wage earners and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices, and other economic measurements.

DOL is organized into major program agencies, which administer the various statutes and programs for which the Department is responsible. Through the execution of its congressionally approved budget, DOL conducts operations in five major Federal program areas, under three major budget functions: *education, training, employment and social services, health (occupational health and safety) and income security*. DOL's major program agencies and the major programs in which they operate, are shown below.

1. Major program agencies

- C* Employment and Training Administration (ETA)
- C* Employment Standards Administration (ESA)
- C* Occupational Safety and Health Administration (OSHA)
- C* Bureau of Labor Statistics (BLS)
- C* Mine Safety and Health Administration (MSHA)
- C* Pension and Welfare Benefits Administration (PWBA)
- C* Veterans' Employment and Training (VETS)
- C* Other Departmental Programs
 - Office of the Assistant Secretary for Administration and Management
 - Office of the Solicitor
 - Office of the Chief Financial Officer
 - Office of the Inspector General
 - Bureau of International Labor Affairs
 - Women's Bureau

2. Major programs

- C* Income maintenance
- C* Employment and training
- C* Labor, employment and pension standards
- C* Worker safety and health
- C* Statistics

The Pension Benefit Guaranty Corporation (PBGC), a wholly owned Federal government corporation under the chairmanship of the Secretary of Labor, has been designated by the Office of Management and Budget (OMB) as a separate reporting entity for financial statement purposes and has been excluded from the DOL reporting entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund and account structure

DOL's financial activities are accounted for by Federal account symbol, utilizing individual funds and fund accounts within distinct fund types, as discussed below.

C Trust funds

The Unemployment Trust Fund was established under the authority of Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest and disburse monies collected under the Federal Unemployment Tax Act, as well as state unemployment taxes collected by the states and transferred to the Fund, and unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

The Longshore and Harbor Workers' Compensation Act Trust Fund, established under the authority of the Longshore and Harbor Workers' Compensation Act, provides medical benefits, compensation for lost wages and rehabilitation services for job related injuries and diseases or death to private sector workers in certain maritime and related employment.

The District of Columbia Workmens' Compensation Act Trust Fund, established under the authority District of Columbia Workmens' Compensation Act provides compensation and medical payments to District of Columbia employees for work related injuries or death which occurred prior to July 26, 1982.

The Black Lung Disability Trust Fund, established under the Black Lung Benefit Act, provides compensation and medical benefits to coal miners who suffer disability due to pneumoconiosis, and compensation benefits to their dependent survivors.

The Hazardous Substance Response Fund provides for clean up of hazardous substance emergencies and abandoned hazardous waste sites.

Gifts and Bequests uses miscellaneous funds received by gift or bequest to support various activities of the Secretary of Labor.

C General funds

Salaries and Expenses include appropriated funds which are used to carry out the missions and functions of the Department, except where specifically provided for from other Departmental funds.

Training and Employment Services provides for a flexible, decentralized system of Federal and local programs of training and other services for the economically disadvantaged designed to lead to permanent gains in employment, through grants to states and Federal programs such as Job Corps, authorized by the Workforce Investment Act and the Job Training Partnership Act.

Welfare to Work Jobs provides funding for the activities of the Welfare-to-Work Grants program established by the Balanced Budget Act of 1997. The program provides formula grants to States and Federally administered competitive grants to other eligible entities to assist welfare recipients in securing lasting unsubsidized employment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

C General funds - continued

State Unemployment Insurance and Employment Service Operations includes grants to states for administering the Unemployment Compensation and Employment Service programs. Unemployment Compensation provides administrative grants to state agencies which pay unemployment benefits to eligible workers and collect state unemployment taxes from employers. The Employment Service is a nationwide system providing no-fee employment services to individuals seeking employment and to employers seeking workers. Employment Service activities are financed by allotments to states distributed under a demographically based funding formula established under the Wagner-Peyser Act, as amended.

Payments to the Unemployment Trust Fund was initiated as a result of amendments to the Emergency Unemployment Compensation (EUC) law, which provided general fund financing to the Unemployment Trust Fund to pay emergency unemployment benefits and associated administrative costs. The Fund continues to process benefit overpayment refunds for the terminated EUC program.

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the Unemployment Trust Fund to pay unemployment compensation whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account also provides repayable advances to the Black Lung Disability Trust Fund, to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search and relocation allowances as authorized by the Trade Act of 1974.

Community Service Employment for Older Americans provides part time work experience in community service activities to unemployed, low income persons aged 55 and over.

The Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services to covered Federal civilian employees injured on the job, employees who have incurred a work related occupational disease and beneficiaries of employees whose death is attributable to a job related injury. The Fund also provides for rehabilitation of injured employees to facilitate their return to work.

The Energy Employees Occupational Illness Compensation Fund was established to adjudicate, administer and pay claims for benefits under the Energy Employees Occupational Illness Compensation Program Act of 2000. The Act authorizes lump sum payments and the reimbursement of medical expenses to employees of the Department of Energy (DOE) or of private companies under contract with DOE, who suffer from specified diseases as a result of their work in the nuclear weapons industry. The Act also authorizes compensation to the survivors of these employees under certain circumstances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

C Revolving funds

The Working Capital Fund maintains and operates a program of centralized services in the national office and the field. The Fund is paid in advance by the agencies, bureaus and offices for which centralized services are provided, at rates which return the full cost of operations.

C Special funds

The Panama Canal Commission Compensation Fund was established to pay workers compensation obligations of the Panama Canal Commission under the Federal Employees' Compensation Act from funding provided by the Commission.

Salaries and Expenses, (H-1b Funded) provides demonstration grants to regional and local entities to provide technical skills training to unemployed and incumbent workers. The fund is supported by fees paid by employers applying for foreign workers under the H-1b temporary alien labor certification program authorized by the American Competitiveness and Workforce Improvement Act of 1998.

C Deposit funds

Deposit funds account for monies held temporarily by DOL until ownership is determined, or monies held by DOL as an agent for others.

C Miscellaneous receipt and clearing accounts

Miscellaneous receipt accounts hold non entity receipts and accounts receivable from DOL activities which by law, cannot be deposited into funds under DOL control. The U.S. Department of the Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year.

Clearing accounts hold monies which belong to DOL, but for which a specific receipt account has not been determined.

4. Inter-Departmental relationships

DOL and the Department of the Treasury (Treasury) are jointly responsible for the operations of the Unemployment Trust Fund and the Black Lung Disability Trust Fund. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the Unemployment Trust Fund and the Black Lung Disability Trust Fund into these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation

These consolidated financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, financing and custodial activities of the U.S. Department of Labor, in accordance with accounting principles generally accepted in the United States of America and the form and content requirements of OMB Bulletin 97-01. They have been prepared from the books and records of DOL, and include the accounts of all funds under the control of the DOL reporting entity. All interfund balances and transactions have been eliminated.

The consolidated financial statements also include Federal employee pension and other retirement benefit costs paid by the Office of Personnel Management (OPM) and imputed to DOL. They do not include the effect of any other centrally administered assets and liabilities related to the Federal government as a whole, which may be attributable to DOL.

Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of federal funds. These consolidated financial statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources.

C. Funds with U.S. Treasury

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2.)

D. Investments

DOL trust fund balances not required to meet current expenditures are invested by Treasury in interest bearing securities of the U.S. government. Balances held in the Unemployment Trust Fund are invested in non-marketable, special issue Treasury securities, available for purchase exclusively by Federal government agencies and trust funds. Special issues are purchased and redeemed at face value (cost), which is equivalent to their net carrying value on the Consolidated Balance Sheet. Interest rates and maturity dates vary.

Balances held in the Longshore and Harbor Workers' Trust Fund and the District of Columbia Trust Fund, as well as balances held in the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund and the Backwage Restitution Fund are invested in marketable Treasury securities. These investments are stated at amortized cost, which is equivalent to their net carrying value on the Consolidated Balance Sheet. Discounts and premiums are amortized using the straight-line method, which approximates the effective interest method. Interest rates and maturity dates vary.

Management expects to hold these marketable securities until maturity; therefore, no provision is made in the financial statements for unrealized gains or losses. (See Note 3.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Accounts Receivable, Net of Allowance

Accounts receivable consists of intra-governmental amounts due to the Department, as well as amounts due from the public.

1. Intra-governmental accounts receivable

DOL recognizes as intra-governmental accounts receivable, accrued interest income on investments in Treasury securities held by the Unemployment Trust Fund. (See Note 3.)

The Federal Employees Compensation (FEC) account within the Unemployment Trust Fund provides unemployment insurance to eligible Federal workers (UCFE) and ex-service members (UCX). DOL recognizes as accounts receivable amounts due from other Federal agencies for unreimbursed UCFE and UCX benefits.

DOL's Federal Employees' Compensation Act Special Benefit Fund provides workers' compensation (FECA) benefits to eligible Federal workers on behalf of other Federal agencies. DOL recognizes as accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits .

DOL also has receivables from other Federal agencies for work performed on their behalf under various reimbursable agreements.

2. Accounts receivable due from the public

DOL recognizes as accounts receivable State unemployment taxes due from covered employers. Also recognized as accounts receivable are benefit overpayments made by DOL to individuals not entitled to receive the benefit.

DOL recognizes as accounts receivable amounts due from the public for fines and penalties levied against employers by OSHA, MSHA, ESA and PWBA; for amounts due for backwages assessed against employers by ESA; and for amounts due from grantees and contractors for grant and contract costs disallowed by ETA.

3. Allowance for doubtful accounts

Accounts receivable are stated net of an allowance for uncollectible accounts. The allowance is estimated based on an aging of account balances, past collection experience and an analysis of outstanding accounts at year end. (See Note 4.)

F. Advances

DOL advances consist primarily of payments made to State employment security agencies (SESAs) and to grantees and contractors to provide for future DOL program expenditures. These advance payments are recorded by DOL as an asset, which is reduced when actual expenditures or the accrual of unreported expenditures are recorded by DOL. (See Note 5.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Property, Plant and Equipment, Net of Depreciation

The majority of DOL's property, plant and equipment (PP&E) is general purpose PP&E held by Job Corps centers owned and operated by DOL through a network of contractors. DOL maintains the Capital Asset Tracking and Reporting System (CATARS) to account for Job Corp's PP&E, as well as other general purpose PP&E used by the Department. Internal use software is considered general purpose PP&E.

Property, plant and equipment (excluding internal use software) with a cost greater than \$25,000 (\$5,000 for the Working Capital Fund) and a useful life of 2 or more years and internal use software with a cost greater than \$300,000 and a useful life of 2 or more years are capitalized. Property, plant and equipment (excluding internal use software) costing less than \$25,000 (\$5,000 for the Working Capital Fund) or having a useful life of less than 2 years and internal use software costing less than \$300,000 or having a useful life of less than 2 years are charged to expense at the time of purchase. Prior to 2001, internally developed software in the Working Capital Fund with a cost greater than \$5,000 was capitalized, when the cost was intended to be recovered through charges to other DOL users. Prior to 1996, property, plant and equipment with a cost greater than \$5,000 and a useful life of 2 or more years were capitalized.

Property, plant and equipment purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred. Plant and equipment are depreciated over their estimated useful lives using the straight-line method of depreciation.

Job Corps center construction costs are capitalized as construction-in-progress until completed. Upon completion they are reclassified as structures or facilities, and depreciated over their estimated useful life. Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration are recorded at cost and amortized over their useful lives, using the straight-line method of amortization. (DOL has no operating leases which extend for a period of more than one year.)

Internal use software development costs are capitalized as software development in progress until the development stage has been completed and successfully tested. Upon completion and testing, software development-in-progress costs are reclassified as ADP equipment and amortized over their estimated useful life.

The table below shows the major classes of DOL's depreciable plant and equipment, and the depreciation periods used for each major classification. (See Note 6.)

	<u>Years</u>
Structures, facilities and improvements	20 - 50
Furniture and equipment	2 - 36
ADP software	2 - 15

DOL grantees have acquired real and tangible property with Federal grant funds in which DOL has a reversionary interest when the property is disposed of or no longer used for its authorized purpose. DOL is entitled to a pro rata share of the proceeds from sale of the property or a pro rata share of the property's fair market value, if the property is retained by the grantee but no longer used for DOL purposes.

The value of DOL's reversionary interest in real and tangible property acquired with Federal grant funds can not be determined until the grantee's intention to sell or convert the property is known.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Non-Entity Assets

Assets held by DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for transfer to the U.S. Treasury. (See Note 7.)

I. Liabilities

Liabilities represent probable amounts to be paid by DOL as a result of past transactions, and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered or not covered by budgetary resources. Liabilities are classified as covered by budgetary resources if budgetary resources are available for consumption, regardless of whether the available resources have been obligated. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available for consumption. These classifications differ from budgetary reporting, which categorizes liabilities as obligated, consuming budgetary resources, or unobligated, not consuming budgetary resources. Unobligated liabilities include those covered liabilities for which available budgetary resources have not been obligated, as well as liabilities not covered for which budgetary resources are not available. (See Notes 12 and 13.)

J. Advances from U.S. Treasury

The Benefits Revenue Act provides for repayable advances to DOL's Black Lung Disability Trust Fund, in the event fund resources are not adequate to meet fund obligations. Spending authority is derived from the Black Lung Disability Trust Fund's indefinite authority to borrow. Repayable advances are provided through transfers from the Advances to the Unemployment Trust Fund and Other Funds appropriation, to the extent of borrowings under the authority. Advances are repayable with interest at a rate determined by the Secretary of the Treasury to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding. Advances made prior to 1982 carried rates of interest equal to the average rate borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt. Outstanding advances at September 30, 2001 bear interest rates ranging from 5.500% to 13.875%. Outstanding advances at September 30, 2000 bear interest rates ranging from 5.625% to 13.875%. Amounts in the trust fund shall be available, as provided by appropriation acts, for the payment of interest on, and the repayment of these repayable advances. Interest and principal are paid to the general fund of the Treasury when the Secretary of the Treasury determines that funds are available in the trust fund for such purposes. (See Note 8.)

K. Accrued Leave

A liability for annual and compensatory leave is accrued as leave is earned and paid when leave is taken. At year end, leave balances are revalued to reflect current wages. The balance of leave earned but not taken will be paid from future funding sources. Sick leave and other types of nonvested leave are expensed as taken.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Accrued Benefits

The financial statements include a liability for unemployment, workers' compensation and disability benefits payable from various DOL funds, as discussed below. (See Note 9.)

1. Unemployment benefits payable

The Unemployment Trust Fund provides benefits to unemployed workers who meet State and Federal eligibility requirements. Regular and extended unemployment benefits are paid from State accounts within the Unemployment Trust Fund, financed primarily by a State unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account within the Unemployment Trust Fund, financed by a Federal unemployment tax on employer payrolls. Unemployment benefits to unemployed Federal workers are paid from the Federal Employment Compensation Account within the Unemployment Trust Fund. These benefit costs are reimbursed by the responsible Federal agency. A liability is recognized for unpaid unemployment benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the fund. DOL also recognizes a liability for Federal employees' unemployment benefits to the extent of unpaid benefits for existing claims filed during the current period, payable in the subsequent period.

2. Federal employees disability and 10h benefits payable

The Federal Employees' Compensation Act Special Benefit Fund provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The fund assumes the liability for unreimbursed (non-chargeable) FECA benefits. The fund also provides 50% of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Workmen's Compensation Act.

A liability for FECA benefits payable by the Special Benefit Fund to the employees of other Federal agencies and for 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

3. Black lung disability benefits payable

The Black Lung Disability Trust Fund provides for compensation and medical benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

4. Longshore and harbor workers' and District of Columbia disability benefits payable

The Longshore and Harbor Workers' Compensation Trust Fund and the District of Columbia Workmen's Compensation Trust Fund provide compensation and medical benefits for work related injuries to workers in certain maritime employment and to employees of the District of Columbia, respectively. DOL recognizes a liability for disability benefits payable by these funds to the extent of unpaid benefits applicable to the current period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Future Workers' Compensation Benefits

The financial statements include a liability for future workers' compensation benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps, as well as benefits not chargeable to other Federal agencies, which must be paid by DOL's Federal Employees' Compensation Act Special Benefit Fund. The liability includes the expected payments for death, disability, medical and miscellaneous costs for approved compensation cases, as well as a component for incurred but not reported claims. The liability is determined using historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The methodology provides for the effects of inflation and adjusts historical payments to current year constant dollars by applying wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index medical or CPIMs) to the calculation of projected benefits. The compensation COLAs and CPIMs used in the projections for 2001 and 2000 were as follows:

	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>		<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>FY</u>	<u>COLA</u>	<u>COLA</u>	<u>CPIM</u>	<u>CPIM</u>	<u>FY</u>	<u>COLA</u>	<u>COLA</u>	<u>CPIM</u>	<u>CPIM</u>
1989	-	4.52%	-	6.98%	1998	2.70%	2.67%	2.77%	2.76%
1990	4.43%	4.32%	8.40%	8.40%	1999	1.53%	1.53%	3.51%	3.51%
1991	5.03%	5.05%	9.36%	9.36%	2000	1.97%	1.97%	3.70%	3.69%
1992	5.00%	5.06%	7.96%	7.96%	2001	2.93%	2.83%	4.42%	4.24%
1993	2.83%	2.82%	6.61%	6.61%	2002	3.33%	2.90%	4.44%	4.10%
1994	2.77%	2.74%	5.27%	5.27%	2003	3.00%	2.53%	4.15%	4.16%
1995	2.57%	2.56%	4.72%	4.72%	2004+	-	2.60%	-	4.16%
1996	2.63%	2.60%	3.99%	4.00%	2004	2.56%	-	4.09%	-
1997	2.77%	2.85%	3.11%	3.11%	2005+	2.50%	-	4.09%	-

Projected annual payments were discounted to present value based on OMB's interest rate assumptions for ten year Treasury notes. For 2001, interest rate assumptions were 5.21% in year one and thereafter. For 2000, interest rate assumptions were 6.30% in year one and thereafter. (See Note 10.)

N. Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund, established under the authority of the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA), provides benefits to eligible current or former employees of the Department of Energy (DOE) and its contractors, or to certain survivors of those employees and contractors, as well as benefits to certain beneficiaries of the Radiation Exposure Compensation Act. DOL is responsible for adjudicating and administering claims filed under the EEOICPA. Effective July 31, 2001, compensation of \$150,000 and payment of medical expenses from the date a claim is filed are available to covered individuals suffering from designated illnesses incurred as a result of their work with DOE. Compensation of \$50,000 and payment of medical expenses from the date a claim is filed are available to individuals eligible for compensation under of the Radiation Exposure Compensation Act. Projected estimates of the liability determined from OMB and the Congressional Budget Office (CBO) data ranged from \$3.2 billion to \$4.0 billion. DOL has recognized a \$3.2 billion liability for estimated future benefits payable by DOL at September 30, 2001 to eligible individuals under the EEOICPA. The liability includes the expected lump sum and medical payments for approved compensation cases and cases filed pending approval, as well as claims incurred but not yet filed. The liability was projected over a twenty year period and discounted to present value based on OMB assumptions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGHIP). DOL matches the employee contributions to each program to pay for current benefits. During 2001, DOL's contributions to the FEHBP and FEGHIP were \$50.0 and \$1.7 million, respectively. During 2000, DOL's contributions to the FEHBP and FEGHIP were \$45.1 and \$1.6 million, respectively. These contributions are recognized as current operating expenses.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGHIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by OPM, and is offset by DOL through recognition of an imputed financing source. Using cost factors supplied by OPM, DOL recorded ORB expense and imputed financing sources of \$44.9 million in 2001 and \$40.1 million in 2000.

Q. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). For employees participating in CSRS, 7.0% of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 8.51% of the employee gross earnings to the CSRS Retirement and Disability Fund. For employees participating in FERS, DOL withholds 0.8% of gross earnings, and matches the withholding with a 10.7% employer contribution. This total is transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by the OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to FICA withholdings. DOL makes matching contributions to FICA, recognized as operating expenses. DOL's matching FICA contributions were \$44.6 million in 2001 and \$41.7 million in 2000.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to 6% of their gross pay to the TSP, but there is no departmental matching contribution. FERS participants may contribute up to 11% of their gross pay to the TSP. For employees covered under FERS, DOL contributes 1% of the employees' gross pay to the TSP. DOL also matches 100% of the first 3% contributed and 50% of the next 2% contributed. DOL contributions to the TSP are recognized as current operating expenses. The maximum amount that either FERS or CSRS employees may contribute to the TSP in a calendar year is \$10,500. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board.

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Q. Employee Pension Benefits - Continued

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM, and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized as non-exchange revenue an imputed financing source equal to the excess amount. DOL does not recognize in its financial statements FERS or CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees. (See Note 14.)

R. Net Position

DOL's net position at September 30, 2001, consisted of the following:

1. Unexpended appropriations

Unexpended appropriations include the unobligated balances and undelivered orders of DOL's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until that appropriation is closed, five years after the appropriations expire. Multi-year appropriations remain available to DOL for obligation in future periods. (See Note 13).

2. Cumulative results of operations

Cumulative results of operations includes - the accumulated historical difference between expenses consuming budgetary resources and financing sources providing budgetary resources in DOL's trust, revolving and special funds - liabilities not consuming budgetary resources net of assets not providing budgetary resources - and DOL's net investment in capitalized assets. (See Note 13).

S. Net Cost of Operations

1. Operating costs

Full operating costs are comprised of all direct costs consumed by the program and those indirect costs which can be reasonably assigned or allocated to the program. Full costs are reduced by exchange (earned) revenues to arrive at the program's net operating cost. The full and net operating costs of DOL's major programs are presented in the Consolidated Statement of Net Cost, and are also reported by suborganization in Note 15 to the financial statements. Note 15 also presents DOL's net operating costs by the outcome goals adopted in the Department's Annual Performance Plan for FY 2001 and DOL's net operating costs by budget function.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

S. Net Cost of Operations - Continued

2. Earned revenue

Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price, and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements due to the Federal Employees' Compensation Act Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees, and reimbursements due to the Unemployment Trust Fund from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their employees.

T. Net Financing Sources

Financing sources other than earned revenues provide funding for the Department's net cost of operations and are reported on the Consolidated Statement of Changes in Net Position. These financing sources include non-exchange revenue, appropriations used, imputed financing and transfers, as discussed below:

1. Non-exchange revenue

Non-exchange revenues arise from the Federal government's power to demand payments from and receive donations from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statement of Changes in Net Position for the transfer of employer and excise taxes from the entities collecting these taxes and for interest from investments, as discussed below: (See Note 16.)

C Employer taxes

Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to the receiving entity. Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the Unemployment Trust Fund. State unemployment taxes are collected by each State and deposited in separate State accounts within the Unemployment Trust Fund. Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and State administrative expenses related to the operation of the unemployment insurance program. State unemployment taxes are restricted in their use to the payment of unemployment benefits. Excise taxes are collected from coal mine operators based on the sale of coal. These excise taxes are collected by the Internal Revenue Service and transferred to the Black Lung Disability Trust Fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Net Financing Sources - Continued

1. Non-exchange revenue - continued

C Interest

The Unemployment Trust Fund, Longshore and Harbor Workers' Trust Fund, District of Columbia Trust Fund, the Panama Canal Commission Compensation Fund and the Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned.

C Assessments

The Longshore and Harbor Workers' Trust Fund and District of Columbia Trust Fund receive non-exchange revenues from assessments levied on insurance companies and self-insured employers. Assessments are recognized as non-exchange revenues when due.

C Reimbursement of unemployment benefits

The Unemployment Trust Fund receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to their employees. These reimbursements are recognized as other non-exchange revenue when due.

2. Appropriations used

DOL receives financing sources through congressional appropriations to support its operations. A financing source, appropriations used, is recognized to the extent these appropriated funds have been consumed. Appropriations are consumed through the recognition of accrued expenses for which budgetary resources have been obligated. Accrued expenses not covered by budgetary resources do not consume appropriated capital in the period recognized, and must be funded from future appropriations. The consumption of appropriations used to purchase capital items is recognized at the time of purchase.

3. Imputed financing

A financing source is imputed by DOL to provide for pension and other retirement benefit expenses recognized by DOL but financed by OPM. (See Notes 1-O and P.)

4. Transfer of Energy Employees Occupational Illness Compensation Benefits liability

Under the authority of the Energy Employees Occupational Illness Compensation Program Act of 2000, the Department of Energy recorded at September 30, 2000 a liability in the amount of \$1.6 billion for future compensation payments. In 2001, the responsibility for adjudicating and administering claims under the EEOICPA was transferred to DOL. Consistent with this transfer of administrative responsibility, DOE's \$1.6 billion liability was assumed by DOL, and included in the EEOICPA claims liability recorded by DOL in 2001. (See Note 1-N.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Net Financing Sources - Continued

5. Transfers

Other transfers recognized as financing sources by DOL include non-expenditure transfers from the Environmental Protection Agency to the Occupational Safety and Health Administration Hazardous Substance Response Fund to assist in the clean-up of hazardous substances; the transfer of property from the General Services Administration to the Employment and Training Administration (ETA) to be used in ETA job training programs; and the transfer from various DOL general fund unexpended appropriation accounts to the Working Capital Fund's cumulative results of operations. (See Note 17.)

U. Custodial Activities

DOL collects and transfers to the general fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, ESA and PWBA for regulatory violations, for ETA disallowed grant costs assessed against canceled appropriations and for FECA administrative costs assessed against government corporations in excess of amounts reserved to finance capital improvements in the Federal Employees' Compensation Act Special Benefit Fund. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial revenues when collected or subject to collection. The source and disposition of these revenues are reported on the Consolidated Statements of Custodial Activities. (See Note 19.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 2 - FUNDS WITH U.S. TREASURY

Funds with U.S. Treasury at September 30, 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Entity Assets</u>	<u>Non-entity Assets</u>	<u>Total</u>
Revolving funds	\$ 19,185	\$ -	\$ 19,185
Trust funds	430,921	69	430,990
Appropriated funds	10,435,926	-	10,435,926
Other	<u>-</u>	<u>78,809</u>	<u>78,809</u>
	<u>\$ 10,886,032</u>	<u>\$ 78,878</u>	<u>\$ 10,964,910</u>

Funds with U.S. Treasury at September 30, 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Entity Assets</u>	<u>Non-entity Assets</u>	<u>Total</u>
Revolving funds	\$ 24,284	\$ -	\$ 24,284
Trust funds	297,059	(15)	297,044
Appropriated funds	9,575,528	-	9,575,528
Other	<u>-</u>	<u>54,850</u>	<u>54,850</u>
	<u>\$ 9,896,871</u>	<u>\$ 54,835</u>	<u>\$ 9,951,706</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 3 - INVESTMENTS

Investments at September 30, 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Face Value</u>	<u>Premium (Discount)</u>	<u>Net Value</u>	<u>Market Value</u>
Unemployment Trust Fund				
<u>Non-marketable</u>				
Special issue U.S. Treasury Bonds				
6.750% maturing June 30, 2002	\$ 20,240,350	\$ -	\$ 20,240,350	\$ 20,240,350
6.500% maturing June 30, 2003	21,000,000	-	21,000,000	21,000,000
6.500% maturing June 30, 2004	20,691,993	-	20,691,993	20,691,993
6.250% maturing June 30, 2004	3,000,000	-	3,000,000	3,000,000
6.250% maturing June 30, 2005	<u>23,705,952</u>	<u>-</u>	<u>23,705,952</u>	<u>23,705,952</u>
	<u>88,638,295</u>	<u>-</u>	<u>88,638,295</u>	<u>88,638,295</u>
Panama Canal Commission				
Compensation Fund				
<u>Marketable</u>				
U.S. Treasury Notes				
5.875% to 7.875% various maturities	13,747	186	13,933	15,208
U.S. Treasury Bonds				
8.750% to 14.000% various maturities	<u>63,493</u>	<u>11,156</u>	<u>74,649</u>	<u>78,826</u>
	<u>77,240</u>	<u>11,342</u>	<u>88,582</u>	<u>94,034</u>
Energy Employees Occupational Illness				
Compensation Fund				
<u>Marketable</u>				
U.S. Treasury Bill				
2.350% maturing October 25, 2001	302,235	(493)	301,742	301,742
Longshore and Harbor Workers' Trust Fund				
<u>Marketable</u>				
U.S. Treasury Bills				
2.240% to 3.440% various maturities	59,082	(370)	58,712	58,712
District of Columbia Trust Fund				
<u>Marketable</u>				
U.S. Treasury Bills				
2.260% to 3.440% various maturities	5,469	(36)	5,433	5,433
Backwage Restitution Fund				
<u>Marketable</u>				
U.S. Treasury Bill				
3.590% maturing November 29, 2001	<u>1,577</u>	<u>(17)</u>	<u>1,560</u>	<u>1,560</u>
	<u>\$ 89,083,898</u>	<u>\$ 10,426</u>	<u>\$ 89,094,324</u>	<u>\$ 89,099,776</u>
Entity investments	\$ 89,050,524	\$ 10,443	\$ 89,060,967	\$ 89,066,419
Non-entity investments	<u>33,374</u>	<u>(17)</u>	<u>33,357</u>	<u>33,357</u>
	<u>89,083,898</u>	<u>10,426</u>	<u>89,094,324</u>	<u>89,099,776</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 3 - INVESTMENTS - Continued

Investments at September 30, 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Face Value</u>	<u>Premium (Discount)</u>	<u>Net Value</u>	<u>Market Value</u>
Unemployment Trust Fund				
<u>Non-marketable</u>				
U.S. Treasury Certificates of Indebtedness				
6.500% maturing June 30, 2001	\$ 1,528,798	\$ -	\$ 1,528,798	\$ 1,528,798
Special issue U.S. Treasury Bonds				
6.750% maturing June 30, 2001	19,954,879	-	19,954,879	19,954,879
6.750% maturing June 30, 2002	23,223,478	-	23,223,478	23,223,478
6.500% maturing June 30, 2003	21,000,000	-	21,000,000	21,000,000
6.500% maturing June 30, 2004	20,691,993	-	20,691,993	20,691,993
	<u>86,399,148</u>	<u>-</u>	<u>86,399,148</u>	<u>86,399,148</u>
Panama Canal Commission				
Compensation Fund				
<u>Marketable</u>				
U.S. Treasury Bill				
5.765% maturing November 20, 2000	7,228	(46)	7,182	7,182
U.S. Treasury Notes				
5.875% to 7.875% various maturities	20,620	258	20,878	21,203
U.S. Treasury Bonds				
8.750% to 14.000% various maturities	50,413	10,487	60,900	57,563
	<u>78,261</u>	<u>10,699</u>	<u>88,960</u>	<u>85,948</u>
Longshore and Harbor Workers' Trust Fund				
<u>Marketable</u>				
U.S. Treasury Bills				
5.840% to 6.090% various maturities	59,144	(765)	58,379	58,379
District of Columbia Trust Fund				
<u>Marketable</u>				
U.S. Treasury Bills				
5.780% to 6.080% various maturities	4,470	(49)	4,421	4,421
	<u>\$ 86,541,023</u>	<u>\$ 9,885</u>	<u>\$ 86,550,908</u>	<u>\$ 86,547,896</u>
Entity investments	\$ 86,451,434	\$ 9,885	\$ 86,461,319	\$ 86,458,307
Non-entity investments	<u>89,589</u>	<u>-</u>	<u>89,589</u>	<u>89,589</u>
	<u>\$ 86,541,023</u>	<u>\$ 9,885</u>	<u>\$ 86,550,908</u>	<u>\$ 86,547,896</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable at September 30, 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Gross Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Entity intra-governmental assets			
Due for UCFE and UCX benefits	\$ 194,564	\$ -	\$ 194,564
Due for workers' compensation benefits	3,317,132	-	3,317,132
Interest from Treasury securities	1,438,713	-	1,438,713
Other	8,918	-	8,918
	<u>4,959,327</u>	<u>-</u>	<u>4,959,327</u>
Non-entity intra-governmental assets			
Interest from Treasury securities	515	-	515
	<u>4,959,842</u>	<u>-</u>	<u>4,959,842</u>
Entity assets			
State unemployment taxes	676,952	(511,105)	165,847
Due from reimbursable employers	363,016	(36,643)	326,373
Benefit overpayments	2,360,671	(2,173,992)	186,679
Other	11,632	(913)	10,719
	<u>3,412,271</u>	<u>(2,722,653)</u>	<u>689,618</u>
Non-entity assets			
Fines and penalties	115,816	(52,949)	62,867
Backwages	11,158	(3,952)	7,206
	<u>126,974</u>	<u>(56,901)</u>	<u>70,073</u>
	<u>3,539,245</u>	<u>(2,779,554)</u>	<u>759,691</u>
	<u>\$ 8,499,086</u>	<u>\$ (2,779,554)</u>	<u>\$ 5,719,533</u>

Changes in the allowance for doubtful accounts during 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Balance at September 30, 2000</u>	<u>Write-offs</u>	<u>Revenue Adjustment</u>	<u>Bad Debt</u>	<u>Balance at September 30, 2001</u>
Entity assets					
State unemployment taxes	\$ (431,312)	\$ 248,031	\$ (327,824)	\$ -	\$ (511,105)
Due from reimbursable employers	(46,943)	13,819	(3,519)	-	(36,643)
Benefit overpayments	(2,108,150)	139,645	-	(205,487)	(2,173,993)
Other	(502)	1,136	-	(1,547)	(913)
	<u>(2,586,907)</u>	<u>402,631</u>	<u>(331,343)</u>	<u>(207,034)</u>	<u>(2,722,653)</u>
Non-entity assets					
Fines and penalties	(53,229)	12,131	(11,851)	-	(52,949)
Backwages	(3,000)	(952)	-	-	(3,952)
	<u>(56,229)</u>	<u>11,179</u>	<u>(11,851)</u>	<u>-</u>	<u>(56,901)</u>
	<u>\$ (2,643,136)</u>	<u>\$ 413,810</u>	<u>\$ (343,194)</u>	<u>\$ (207,034)</u>	<u>\$ (2,779,554)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE - Continued

Accounts receivable at September 30, 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Gross</u> <u>Receivables</u>	<u>Allowance</u>	<u>Net</u> <u>Receivables</u>
Entity intra-governmental assets			
Due for UCFE and UCX benefits	\$ 236,327	\$ -	\$ 236,327
Due for workers' compensation benefits	3,266,919	-	3,266,919
Interest from Treasury securities	1,418,585	-	1,418,585
Other	12,770	-	12,770
	<u>4,934,601</u>	<u>-</u>	<u>4,934,601</u>
Non-entity intra-governmental assets			
Due from Internal Revenue Service for tax overpayment	26,033	-	26,033
Interest from Treasury securities	1,470	-	1,470
	<u>27,503</u>	<u>-</u>	<u>27,503</u>
	<u>4,962,104</u>	<u>-</u>	<u>4,962,104</u>
Entity assets			
State unemployment taxes	676,150	(431,312)	244,838
Due from reimbursable employers	334,077	(46,943)	287,134
Benefit overpayments	2,269,327	(2,108,150)	161,177
Other	10,289	(502)	9,787
	<u>3,289,843</u>	<u>(2,586,907)</u>	<u>702,936</u>
Non-entity assets			
Fines and penalties	121,509	(53,229)	68,280
Backwages	10,446	(3,000)	7,446
Other	4,664	-	4,664
	<u>136,619</u>	<u>(56,229)</u>	<u>80,390</u>
	<u>3,426,462</u>	<u>(2,643,136)</u>	<u>783,326</u>
	<u>\$ 8,388,566</u>	<u>\$ (2,643,136)</u>	<u>\$ 5,745,430</u>

Changes in the allowance for doubtful accounts during 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Balance at</u> <u>September 30,</u> <u>1999</u>	<u>Write-offs</u>	<u>Revenue</u> <u>Adjustment</u>	<u>Bad Debt</u>	<u>Balance at</u> <u>September 30,</u> <u>2000</u>
Entity assets					
State unemployment taxes	\$ (413,910)	\$ 221,817	\$ (239,219)	\$ -	\$ (431,312)
Due from reimbursable employers	(34,960)	10,319	(22,302)	-	(46,943)
Benefit overpayments	(2,037,015)	168,510	-	(239,645)	(2,108,150)
Other	(914)	585	-	(173)	(502)
	<u>(2,486,799)</u>	<u>401,231</u>	<u>(261,521)</u>	<u>(239,818)</u>	<u>(2,586,907)</u>
Non-entity assets					
Fines and penalties	(52,851)	11,819	(12,197)	-	(53,229)
Backwages	(221)	(2,779)	-	-	(3,000)
	<u>(53,072)</u>	<u>9,040</u>	<u>(12,197)</u>	<u>-</u>	<u>(56,229)</u>
	<u>\$ (2,539,871)</u>	<u>\$ 410,271</u>	<u>\$ (273,718)</u>	<u>\$ (239,818)</u>	<u>\$ (2,643,136)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 5 - ADVANCES

Advances at September 30, 2001 and 2000 consisted of the following :

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
Advances to states for UI benefit payments	\$ 169,095	\$ 162,749
Advances to grantees and contractors to finance future DOL program expenditures	10,172	7,889
Other	300	359
	<u>\$ 179,567</u>	<u>\$ 170,997</u>

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET OF DEPRECIATION

Property, plant and equipment at September 30, 2001 and 2000 consisted of the following :

<u>(Dollars in thousands)</u>	<u>2001</u>			<u>2000</u>
	<u>Cost or Basis</u>	<u>Accumulated Depreciation/ Amortization</u>	<u>Net Book Value</u>	
Structures, facilities and improvements				
Structures and facilities	\$ 704,222	\$ (295,634)	\$ 408,588	353,585
Improvements to leased facilities	301,106	(128,724)	172,382	158,316
	<u>1,005,328</u>	<u>(424,358)</u>	<u>580,970</u>	<u>511,901</u>
Furniture and equipment				
Equipment held by contractors	179,721	(169,834)	9,887	14,448
Furniture and equipment	59,164	(26,442)	32,722	32,072
	<u>238,885</u>	<u>(196,276)</u>	<u>42,609</u>	<u>46,520</u>
ADP software	74,783	(32,104)	42,679	26,626
Construction-in-progress	52,620	-	52,620	94,949
Land	58,808	-	58,808	58,808
	<u>\$ 1,430,424</u>	<u>\$ (652,738)</u>	<u>\$ 777,686</u>	<u>\$ 738,804</u>

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets consisted of the following at September 30, 2001 and 2000:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
Intra-governmental		
Funds with U.S. Treasury	\$ 78,878	\$ 54,835
Investments	33,357	89,589
Accounts receivable	515	27,503
	<u>112,750</u>	<u>171,927</u>
Accounts receivable, net of allowance	70,073	80,390
	<u>\$ 182,823</u>	<u>\$ 252,317</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 8 - ADVANCES FROM U.S. TREASURY

Advances from U.S. Treasury to the Black Lung Disability Trust Fund during 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Balance at September 30, 2000</u>	<u>Net Borrowing</u>	<u>Balance at September 30, 2001</u>
Intra-governmental			
Borrowing from the Treasury	\$ 6,748,557	\$ 505,000	\$ 7,253,557
	<u>\$ 6,748,557</u>	<u>\$ 505,000</u>	<u>\$ 7,253,557</u>

Advances from U.S. Treasury to the Black Lung Disability Trust Fund during 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Balance at September 30, 1999</u>	<u>Net Borrowing</u>	<u>Balance at September 30, 2000</u>
Intra-governmental			
Borrowing from the Treasury	\$ 6,258,557	\$ 490,000	\$ 6,748,557
	<u>\$ 6,258,557</u>	<u>\$ 490,000</u>	<u>\$ 6,748,557</u>

Assuming the continuation of current operating conditions, repayment of these and necessary future advances will require a change in the statutory operating structure of the fund. (See Note 20.)

NOTE 9 - ACCRUED BENEFITS

Accrued benefits at September 30, 2001 and 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
State regular and extended unemployment benefits payable	\$ 1,275,564	\$ 671,797
Federal extended unemployment benefits payable	20,729	18,100
Federal emergency unemployment benefits payable	11,058	11,053
Federal employees' unemployment benefits payable	19,014	15,558
Federal employees' unemployment benefits for existing claims due in the subsequent year	80,803	80,711
Total unemployment benefits payable	1,407,168	797,219
Black lung disability benefits payable	29,703	30,928
Federal employees disability and 10(h) benefits payable	120,115	113,208
Longshore and harbor workers disability benefits payable	1,739	1,285
District of Columbia disability benefits payable	121	92
	<u>\$ 1,558,846</u>	<u>\$ 942,732</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 10 - FUTURE WORKERS' COMPENSATION BENEFITS

DOL's liability for future workers' compensation benefits at September 30, 2001 and 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
<i>Projected gross liability of the Federal government for future FECA benefits</i>	\$ 24,994,378	\$ 21,787,649
<i>Less liabilities attributed to other agencies:</i>		
U.S. Postal Service	(7,399,470)	(6,298,430)
Department of Navy	(2,968,541)	(2,665,434)
Department of Army	(1,955,183)	(1,731,678)
Department of Veterans Affairs	(1,812,675)	(1,585,031)
Department of Air Force	(1,529,893)	(1,337,201)
Department of Transportation	(1,202,987)	(1,086,745)
Tennessee Valley Authority	(657,530)	(586,388)
Department of Treasury	(1,076,106)	(915,638)
Department of Agriculture	(878,963)	(768,532)
Department of Justice	(1,193,590)	(985,513)
Department of Interior	(663,471)	(584,830)
Department of Defense, Other	(954,116)	(876,106)
Department of Health and Human Services	(293,355)	(263,893)
Social Security Administration	(278,345)	(239,414)
General Services Administration	(198,853)	(178,996)
Department of Commerce	(223,716)	(155,647)
Department of Energy	(95,748)	(84,485)
Department of State	(56,645)	(49,916)
Department of Housing & Urban Development	(84,758)	(74,653)
Department of Education	(22,723)	(18,820)
National Aeronautics and Space Administration	(69,672)	(61,581)
Environmental Protection Agency	(39,633)	(33,673)
Federal Emergency Management Association	(25,241)	(21,996)
Small Business Administration	(32,255)	(30,746)
Office of Personnel Management	(13,752)	(12,736)
National Science Foundation	(1,806)	(1,767)
Nuclear Regulatory Commission	(10,849)	(8,230)
Agency for International Development	(30,905)	(29,819)
Other	(637,380)	(538,645)
	<u>(24,408,161)</u>	<u>(21,226,543)</u>
	<u>\$ 586,217</u>	<u>\$ 561,106</u>
 <i>Projected liability of the Department of Labor for future FECA benefits</i>		
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	\$ 261,755	\$ 271,995
FECA benefits due to eligible workers of DOL and Job Corp enrollees	250,278	221,280
FECA benefits due to eligible workers of the Panama Canal Commission	74,184	67,831
	<u>\$ 586,217</u>	<u>\$ 561,106</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 11 - OTHER LIABILITIES

Other liabilities at September 30, 2001 and 2000 consisted of the following current liabilities:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
Intra-governmental		
Accrued payroll and benefits	\$ 3,970	\$ 10,581
Unearned FECA assessments	6,794	52,137
Non-entity receipts due to U.S. Treasury	62,866	68,280
Other due to U.S. Treasury	-	62,067
Amounts held for the Railroad Retirement Board	32,381	91,044
Advances from other Federal agencies	1,412	1,011
Total intra-governmental	<u>107,423</u>	<u>285,120</u>
Accrued payroll and benefits	22,760	33,430
Due to Backwage recipients	47,162	49,520
Unearned assessment revenue	37,272	38,342
Deposit and clearing accounts	36,641	18,882
Readjustment allowances and other Job Corps liabilities	69,194	67,197
Other advances	-	36
	<u>213,029</u>	<u>207,407</u>
	<u>\$ 320,452</u>	<u>\$ 492,527</u>

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources at September 30, 2001 and 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
Intra-governmental		
Advances from U.S. Treasury	\$ <u>7,253,557</u>	\$ <u>6,748,557</u>
Accrued benefits	-	8,652
Future workers' compensation benefits	250,278	221,280
Accrued annual leave	88,773	85,264
Readjustment allowances and other Job Corps liabilities	69,194	67,197
	<u>408,245</u>	<u>382,393</u>
	<u>\$ 7,661,802</u>	<u>\$ 7,130,950</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 13 - NET POSITION

DOL's net position by fund type at September 30, 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Revolving Fund</u>	<u>Trust Funds</u>	<u>Appropriated Funds</u>	<u>Elimi- nations</u>	<u>Total</u>
Unexpended appropriations					
Unobligated balance available	\$ -	\$ -	\$ 2,191,957	\$ -	\$ 2,191,957
Unobligated balance unavailable	-	-	627,662	-	627,662
Undelivered orders	-	-	8,461,713	-	8,461,713
Total unexpended appropriations	-	-	11,281,332	-	11,281,332
Cumulative results of operations					
Unemployment Trust Fund					
Federal accounts	-	49,592,668	-	-	49,592,668
State accounts	-	37,216,952	-	-	37,216,952
	-	86,809,620	-	-	86,809,620
Longshore and Harbor Workers'					
Trust Fund	-	57,190	-	-	57,190
District of Columbia Trust Fund	-	5,323	-	-	5,323
Black Lung Disability Trust Fund	-	38,066	-	-	38,066
Other	12,054	5,103	78,561	-	95,718
	12,054	86,915,302	78,561	-	87,005,917
Liabilities not consuming budgetary resources:					
Future workers' compensation benefits					
	(2,353)	-	(586,217)	2,353	(586,217)
Energy employees occupational illness compensation benefits					
	-	-	(3,200,000)	-	(3,200,000)
Advances from U.S. Treasury					
	-	(7,253,557)	-	-	(7,253,557)
Accrued benefits					
	-	(110,647)	-	-	(110,647)
Accrued annual leave					
	(4,004)	-	(89,234)	-	(93,238)
Other					
	(457)	(37,272)	(69,968)	1,339	(106,358)
	(6,814)	(7,401,476)	(3,945,419)	3,692	(11,350,017)
Assets not providing budgetary resources:					
Due from Federal agencies for:					
UCFE and UCX benefits					
	-	194,765	-	(425)	194,340
Workers' compensation benefits					
	-	-	3,309,113	(457)	3,308,656
Due from reimbursable employers for unemployment compensation					
	-	326,373	-	-	326,373
Net state unemployment taxes receivable					
	-	165,847	-	-	165,847
Net benefit overpayment receivable					
	-	165,719	20,960	-	186,679
Interest receivable					
	-	1,435,816	2,897	-	1,438,713
Other					
	2,848	5,055	14,927	(2,810)	20,020
	2,848	2,293,575	3,347,897	(3,692)	5,640,628
Net investment in capitalized assets	22,364	8	755,314	-	777,686
Total cumulative results of operations	30,452	81,807,409	236,353	-	82,074,214
	\$ 30,452	\$ 81,807,409	\$ 11,517,685	\$ -	\$ 93,355,546

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 - NET POSITION

DOL's net position by fund type at September 30, 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Revolving Fund</u>	<u>Trust Funds</u>	<u>Appropriated Funds</u>	<u>Elimi- nations</u>	<u>Total</u>
Unexpended appropriations					
Unobligated balance available	\$ -	\$ -	\$ 1,615,730	\$ -	\$ 1,615,730
Unobligated balance unavailable	-	-	714,171	-	714,171
Undelivered orders	-	-	7,765,162	-	7,765,162
Total unexpended appropriations	-	-	10,095,063	-	10,095,063
Cumulative results of operations					
Unemployment Trust Fund					
Federal accounts	-	31,881,932	-	-	31,881,932
State accounts	-	53,152,562	-	-	53,152,562
	-	85,034,494	-	-	85,034,494
Longshore and Harbor Workers'					
Trust Fund	-	57,053	-	-	57,053
District of Columbia Trust Fund	-	4,341	-	-	4,341
Black Lung Disability Trust Fund	-	22,406	-	-	22,406
Other	14,333	9,528	77,663	-	101,524
	14,333	85,127,822	77,663	-	85,219,818
Liabilities not consuming budgetary resources:					
Future workers' compensation benefits					
	(2,801)	-	(561,106)	2,801	(561,106)
Advances from U.S. Treasury	-	(6,748,557)	-	-	(6,748,557)
Accrued benefits	-	(111,781)	-	-	(111,781)
Accrued annual leave	(3,749)	-	(85,673)	-	(89,422)
Other	(467)	(38,342)	(67,664)	934	(105,539)
	(7,017)	(6,898,680)	(714,443)	3,735	(7,616,405)
Assets not providing budgetary resources:					
Due from Federal agencies for:					
UCFE and UCX benefits	-	198,545	-	-	198,545
Workers' compensation benefits	-	-	3,191,592	(467)	3,191,125
Due from reimbursable employers for unemployment compensation					
	-	287,134	-	-	287,134
Net state unemployment taxes receivable					
	-	244,838	-	-	244,838
Net benefit overpayment receivable	-	146,336	14,841	-	161,177
Interest receivable	-	1,417,072	2,719	-	1,419,791
Other	3,291	1,912	15,428	(3,268)	17,363
	3,291	2,295,837	3,224,580	(3,735)	5,519,973
Net investment in capitalized assets	16,660	9	722,135	-	738,804
Total cumulative results of operations	27,267	80,524,988	3,309,935	-	83,862,190
	\$ 27,267	\$ 80,524,988	\$ 13,404,998	\$ -	\$ 93,957,253

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 - PENSION EXPENSE

Pension expense in 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Employer Contributions</u>	<u>Accumulated Costs Imputed by OPM</u>	<u>Total Pension Expense</u>
Civil Service Retirement System	\$ 40,865	\$ 42,435	\$ 83,300
Federal Employees' Retirement System	51,618	(535)	51,083
Thrift Savings Plan	19,676	-	19,676
	<u>\$ 112,159</u>	<u>\$ 41,900</u>	<u>\$ 154,059</u>

Pension expense in 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Employer Contributions</u>	<u>Accumulated Costs Imputed by OPM</u>	<u>Total Pension Expense</u>
Civil Service Retirement System	\$ 41,045	\$ 39,626	\$ 80,671
Federal Employees' Retirement System	46,136	(1,660)	44,476
Thrift Savings Plan	17,755	-	17,755
	<u>\$ 104,936</u>	<u>\$ 37,966</u>	<u>\$ 142,902</u>

NOTE 15 - PROGRAM COST

Schedules A, B and C present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost for 2001.

Cost and revenue by suborganization for the ten outcome goals adopted in the Department's Annual Performance Plan for FY 2001, submitted under the requirements of the Government Performance and Review Act (GPR), are presented in schedule D.

Detailed cost and revenue information by budget function for 2001 is presented in Schedule E and intra-governmental cost and revenue information by budget function for 2001 is presented in Schedule F.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

A. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2001 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Employment and Training Administration</u>	<u>Employment Standards Administration</u>	<u>Occupational Safety and Health Administration</u>	<u>Bureau of Labor Statistics</u>
CROSCUTTING PROGRAMS				
Income maintenance				
Intra-governmental	\$ 194,248	\$ 624,166	\$ -	\$ -
With the public	<u>32,123,099</u>	<u>4,462,113</u>	<u>-</u>	<u>-</u>
Total cost	32,317,347	5,086,279	-	-
Less earned revenue	<u>(406,729)</u>	<u>(2,190,211)</u>	<u>-</u>	<u>-</u>
Net program cost	<u>31,910,618</u>	<u>2,896,068</u>	<u>-</u>	<u>-</u>
Employment and training				
Intra-governmental	66,799	-	-	-
With the public	<u>5,608,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cost	5,675,537	-	-	-
Less earned revenue	<u>(9,437)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net program cost	<u>5,666,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Labor, employment and pension standards				
Intra-governmental	-	96,267	-	-
With the public	<u>-</u>	<u>229,301</u>	<u>-</u>	<u>-</u>
Total cost	-	325,568	-	-
Less earned revenue	<u>-</u>	<u>(2,594)</u>	<u>-</u>	<u>-</u>
Net program cost	<u>-</u>	<u>322,974</u>	<u>-</u>	<u>-</u>
Worker safety and health				
Intra-governmental	-	-	88,293	-
With the public	<u>-</u>	<u>-</u>	<u>353,085</u>	<u>-</u>
Total cost	-	-	441,378	-
Less earned revenue	<u>-</u>	<u>-</u>	<u>(2,127)</u>	<u>-</u>
Net program cost	<u>-</u>	<u>-</u>	<u>439,251</u>	<u>-</u>
OTHER PROGRAMS				
Statistics				
Intra-governmental	-	-	-	163,486
With the public	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,173</u>
Total cost	-	-	-	470,659
Less earned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,350)</u>
Net program cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,309</u>
Cost not assigned to programs				
Less earned revenue not attributed to programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cost not assigned to programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cost of operations	<u>\$ 37,576,718</u>	<u>\$ 3,219,042</u>	<u>\$ 439,251</u>	<u>\$ 459,309</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

<u>Mine Safety and Health Administration</u>	<u>Pension and Welfare Benefits Administration</u>	<u>Veterans' Employment and Training</u>	<u>Other Departmental Programs</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 15,352	\$ (25,015)	\$ 808,751
-	-	-	26,361	(1,583)	36,609,990
-	-	-	41,713	(26,598)	37,418,741
-	-	-	-	26,598	(2,570,342)
-	-	-	41,713	-	34,848,399
-	-	9,750	416	(34,604)	42,361
-	-	178,818	1,211	34,604	5,823,371
-	-	188,568	1,627	-	5,865,732
-	-	-	-	-	(9,437)
-	-	188,568	1,627	-	5,856,295
-	34,011	218	15,349	(34,581)	111,264
-	86,986	4,020	62,821	34,581	417,709
-	120,997	4,238	78,170	-	528,973
-	(9,915)	-	-	-	(12,509)
-	111,082	4,238	78,170	-	516,464
82,043	-	-	93	(38,363)	132,066
195,802	-	-	271	38,363	587,521
277,845	-	-	364	-	719,587
(897)	-	-	-	-	(3,024)
276,948	-	-	364	-	716,563
-	-	-	-	(14,189)	149,297
-	-	-	-	7,668	314,841
-	-	-	-	(6,521)	464,138
-	-	-	-	6,521	(4,829)
-	-	-	-	-	459,309
-	-	-	95,531	(7,083)	88,448
-	-	-	(32,695)	7,083	(25,612)
-	-	-	62,836	-	62,836
\$ 276,948	\$ 111,082	\$ 192,806	\$ 184,710	\$ -	\$ 42,459,866

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

B. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2001 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Employment Security</u>	<u>Training and Employment Programs</u>	<u>Eliminations</u>	<u>Total</u>
CROSSCUTTING PROGRAMS				
Income maintenance				
Benefits	\$ 28,548,424	\$ 49	\$ -	\$ 28,548,473
Grants	3,637,669	-	-	3,637,669
Interest	4,029	-	-	4,029
Other	126,938	238	-	127,176
Total cost	<u>32,317,060</u>	<u>287</u>	<u>-</u>	<u>32,317,347</u>
Less earned revenue	<u>(406,729)</u>	<u>-</u>	<u>-</u>	<u>(406,729)</u>
Net program cost	<u>31,910,331</u>	<u>287</u>	<u>-</u>	<u>31,910,618</u>
Employment and training				
Benefits	2,539	31,582	-	34,121
Grants	47,957	5,378,218	-	5,426,175
Other	22,020	193,221	-	215,241
Total cost	<u>72,516</u>	<u>5,603,021</u>	<u>-</u>	<u>5,675,537</u>
Less earned revenue	<u>-</u>	<u>(9,437)</u>	<u>-</u>	<u>(9,437)</u>
Net program cost	<u>72,516</u>	<u>5,593,584</u>	<u>-</u>	<u>5,666,100</u>
Net cost of operations	<u>\$ 31,982,847</u>	<u>\$ 5,593,871</u>	<u>\$ -</u>	<u>\$ 37,576,718</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

C. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2001 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Office of Workers' Compensation Programs</u>	<u>Office of Federal Contract Compliance</u>	<u>Wage and Hour Division</u>	<u>Office of Labor Management Standards</u>	<u>Eliminations</u>	<u>Total</u>
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	\$ 4,351,196	\$ -	\$ -	\$ -	\$ (1,623)	\$ 4,349,573
Interest	567,814	-	-	-	-	567,814
Other	<u>168,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,892</u>
Total cost	5,087,902	-	-	-	(1,623)	5,086,279
Less earned revenue	<u>(2,191,834)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,623</u>	<u>(2,190,211)</u>
Net program cost	<u>2,896,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,896,068</u>
Labor, employment and pension standards						
Benefits	-	11,768	23,009	4,813	-	39,590
Other	<u>-</u>	<u>82,734</u>	<u>173,104</u>	<u>30,140</u>	<u>-</u>	<u>285,978</u>
Total cost	-	94,502	196,113	34,953	-	325,568
Less earned revenue	<u>-</u>	<u>-</u>	<u>(2,594)</u>	<u>-</u>	<u>-</u>	<u>(2,594)</u>
Net program cost	<u>-</u>	<u>94,502</u>	<u>193,519</u>	<u>34,953</u>	<u>-</u>	<u>322,974</u>
Net cost of operations	<u>\$ 2,896,068</u>	<u>\$ 94,502</u>	<u>\$ 193,519</u>	<u>\$ 34,953</u>	<u>\$ -</u>	<u>\$ 3,219,042</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

D. Consolidating Statement of Net Cost by Outcome Goal

Net cost by outcome goal for the year ended September 30, 2001 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Employment and Training Administration</u>	<u>Employment Standards Administration</u>	<u>Occupational Safety and Health Administration</u>	<u>Bureau of Labor Statistics</u>
Increase employment, earnings and assistance	\$ 3,004,859	\$ -	\$ -	\$ -
Less earned revenue	(693)	-	-	-
Net program cost	<u>3,004,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assist youth in making transition to work	2,677,694	-	-	-
Less earned revenue	(8,531)	-	-	-
Net program cost	<u>2,669,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provide information and analysis on the U.S. economy	-	-	-	470,659
Less earned revenue	-	-	-	(11,350)
Net program cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,309</u>
Increase compliance with worker protection laws	-	225,811	-	-
Less earned revenue	-	(2,340)	-	-
Net program cost	<u>-</u>	<u>223,471</u>	<u>-</u>	<u>-</u>
Protect worker benefits	31,249,600	5,091,967	-	-
Less earned revenue	(406,739)	(2,190,465)	-	-
Net program cost	<u>30,842,861</u>	<u>2,901,502</u>	<u>-</u>	<u>-</u>
Provide worker retraining	1,055,406	-	-	-
Less earned revenue	(192)	-	-	-
Net program cost	<u>1,055,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reduce workplace injuries, illnesses and fatalities	-	-	441,378	-
Less earned revenue	-	-	(2,127)	-
Net program cost	<u>-</u>	<u>-</u>	<u>439,251</u>	<u>-</u>
Foster equal opportunity workplaces	-	94,069	-	-
Less earned revenue	-	-	-	-
Net program cost	<u>-</u>	<u>94,069</u>	<u>-</u>	<u>-</u>
Support a greater balance between work and family	5,326	-	-	-
Less earned revenue	(12)	-	-	-
Net program cost	<u>5,314</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reduce exploitation of child labor and address international labor standards issues	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost not assigned to goals	-	-	-	-
Less earned revenue not attributed to goals	-	-	-	-
Net cost not assigned to goals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cost of operations	<u>\$ 37,576,718</u>	<u>\$ 3,219,042</u>	<u>\$ 439,251</u>	<u>\$ 459,309</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

Mine Safety and Health Welfare Benefits Administration		Pension and Employment and Training	Veterans' Departmental Programs	Other Eliminations	Total
\$ -	\$ -	\$ 188,566	\$ 19,119	\$ -	\$ 3,212,544
-	-	-	-	-	(693)
-	-	188,566	19,119	-	3,211,851
-	-	-	1,770	-	2,679,464
-	-	-	-	-	(8,531)
-	-	-	1,770	-	2,670,933
-	-	-	3,735	(6,521)	467,873
-	-	-	-	6,521	(4,829)
-	-	-	3,735	-	463,044
-	75,270	-	6,746	-	307,827
-	(6,346)	-	-	-	(8,686)
-	68,924	-	6,746	-	299,141
-	45,727	-	47,233	(26,598)	36,407,929
-	(3,569)	-	-	26,598	(2,574,175)
-	42,158	-	47,233	-	33,833,754
-	-	-	537	-	1,055,943
-	-	-	-	-	(192)
-	-	-	537	-	1,055,751
277,845	-	-	7,395	-	726,618
(897)	-	-	-	-	(3,024)
276,948	-	-	7,395	-	723,594
-	-	4,240	9,372	-	107,681
-	-	-	-	-	-
-	-	4,240	9,372	-	107,681
-	-	-	2,531	-	7,857
-	-	-	-	-	(12)
-	-	-	2,531	-	7,845
-	-	-	45,407	-	45,407
-	-	-	-	-	-
-	-	-	45,407	-	45,407
-	-	-	73,560	(7,083)	66,477
-	-	-	(32,695)	7,083	(25,612)
-	-	-	40,865	-	40,865
<u>\$ 276,948</u>	<u>\$ 111,082</u>	<u>\$ 192,806</u>	<u>\$ 184,710</u>	<u>\$ -</u>	<u>\$ 42,459,866</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

E. Consolidating Statement of Net Cost by Budget Function

Net cost by budget function for the year ended September 30, 2001 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Natural Resources and Environment</u>	<u>Education, Training and Employment</u>	<u>Health</u>
CROSCUTTING PROGRAMS			
Income maintenance			
Intra-governmental	\$ -	\$ 54,503	\$ -
With the public	-	178,063	-
Total cost	-	232,566	-
Less earned revenue	-	(2,628)	-
Net program cost	-	229,938	-
Employment and training			
Intra-governmental	-	37,279	-
With the public	-	5,598,079	-
Total cost	-	5,635,358	-
Less earned revenue	-	(9,437)	-
Net program cost	-	5,625,921	-
Labor, employment and pension standards			
Intra-governmental	-	89,708	-
With the public	-	332,284	-
Total cost	-	421,992	-
Less earned revenue	-	(2,594)	-
Net program cost	-	419,398	-
Worker safety and health			
Intra-governmental	-	9,776	122,290
With the public	517	31,355	555,649
Total cost	517	41,131	677,939
Less earned revenue	-	-	(3,024)
Net program cost	517	41,131	674,915
OTHER PROGRAMS			
Statistics			
Intra-governmental	-	149,297	-
With the public	-	314,841	-
Total cost	-	464,138	-
Less earned revenue	-	(4,829)	-
Net program cost	-	459,309	-
Cost not assigned to programs			
Less earned revenue not attributed to programs	-	(25,612)	-
Net cost not assigned to programs	-	62,791	-
Net cost of operations	<u>\$ 517</u>	<u>\$ 6,838,488</u>	<u>\$ 674,915</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

<u>Income Security</u>	<u>National Defense</u>	<u>Veterans' Benefits and Services</u>	<u>General Government</u>	<u>Totals</u>
\$ 753,328	\$ 920	\$ -	\$ -	\$ 808,751
<u>34,822,299</u>	<u>1,609,628</u>	<u>-</u>	<u>-</u>	<u>36,609,990</u>
35,575,627	1,610,548	-	-	37,418,741
<u>(2,567,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,570,342)</u>
<u>33,007,913</u>	<u>1,610,548</u>	<u>-</u>	<u>-</u>	<u>34,848,399</u>
-	-	5,082	-	42,361
<u>47,925</u>	<u>-</u>	<u>177,367</u>	<u>-</u>	<u>5,823,371</u>
47,925	-	182,449	-	5,865,732
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,437)</u>
<u>47,925</u>	<u>-</u>	<u>182,449</u>	<u>-</u>	<u>5,856,295</u>
21,367	-	189	-	111,264
<u>81,510</u>	<u>-</u>	<u>3,915</u>	<u>-</u>	<u>417,709</u>
102,877	-	4,104	-	528,973
<u>(9,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,509)</u>
<u>92,962</u>	<u>-</u>	<u>4,104</u>	<u>-</u>	<u>516,464</u>
-	-	-	-	132,066
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>587,521</u>
-	-	-	-	719,587
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,024)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>716,563</u>
-	-	-	-	149,297
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,841</u>
-	-	-	-	464,138
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,829)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,309</u>
-	-	-	45	88,448
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,612)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>62,836</u>
<u>\$ 33,148,800</u>	<u>\$ 1,610,548</u>	<u>\$ 186,553</u>	<u>\$ 45</u>	<u>\$ 42,459,866</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

F. Consolidating Statement of Net Cost by Budget Function (Intra-governmental)

Net intra-governmental cost by budget function for the year ended September 30, 2001 consisted of the following:

<u>(Dollars in Thousands)</u>	Education, Training and Employment	Health	Income Security	National Defense	Veterans' Benefits and Services	Total
CROSSCUTTING PROGRAMS						
Income maintenance						
Intra-governmental	\$ 54,503	-	\$ 753,328	920	-	\$ 808,751
Less earned revenue	(2,623)	-	(2,567,714)	-	-	(2,570,337)
Net program cost	51,880	-	(1,814,386)	920	-	(1,761,586)
Employment and training						
Intra-governmental	37,279	-	-	-	5,082	42,361
Less earned revenue	(8,915)	-	-	-	-	(8,915)
Net program cost	28,364	-	-	-	5,082	33,446
Labor, employment and pension standards						
Intra-governmental	89,708	-	21,367	-	189	111,264
Less earned revenue	(30)	-	(9,443)	-	-	(9,473)
Net program cost	89,678	-	11,924	-	189	101,791
Worker safety and health						
Intra-governmental	9,776	122,290	-	-	-	132,066
Less earned revenue	-	(1,013)	-	-	-	(1,013)
Net program cost	9,776	121,277	-	-	-	131,053
OTHER PROGRAMS						
Statistics						
Intra-governmental	149,297	-	-	-	-	149,297
Less earned revenue	(3,740)	-	-	-	-	(3,740)
Net program cost	145,557	-	-	-	-	145,557
Cost not assigned to programs						
Intra-governmental	57,947	-	-	-	-	57,947
Less earned revenue not attributed to programs	(24,060)	-	-	-	-	(24,060)
Net cost not assigned to programs	33,887	-	-	-	-	33,887
Net cost of operations	\$ 359,142	121,277	(1,802,462)	920	5,271	\$ (1,315,852)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

Schedules G H and I present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost for 2000.

Detailed cost and revenue information by budget function for 2000 is presented in Schedule J and intra-governmental cost and revenue information by budget function for 2000 is presented in Schedule K.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

G. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2000 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Employment and Training Administration</u>	<u>Employment Standards Administration</u>	<u>Occupational Safety and Health Administration</u>	<u>Bureau of Labor Statistics</u>
CROSSCUTTING PROGRAMS				
Income maintenance				
Intra-governmental	\$ 199,348	\$ 593,795	\$ -	\$ -
With the public	24,658,897	2,627,162	-	-
Total cost	24,858,245	3,220,957	-	-
Less earned revenue	(438,178)	(2,067,236)	-	-
Net program cost	24,420,067	1,153,721	-	-
Employment and training				
Intra-governmental	66,497	-	-	-
With the public	5,308,589	-	-	-
Total cost	5,375,086	-	-	-
Less earned revenue	(1,360)	-	-	-
Net program cost	5,373,726	-	-	-
Labor, employment and pension standards				
Intra-governmental	-	90,409	-	-
With the public	-	218,198	-	-
Total cost	-	308,607	-	-
Less earned revenue	-	(1,251)	-	-
Net program cost	-	307,356	-	-
Worker safety and health				
Intra-governmental	-	-	84,577	-
With the public	-	-	335,820	-
Total cost	-	-	420,397	-
Less earned revenue	-	-	(2,989)	-
Net program cost	-	-	417,408	-
OTHER PROGRAMS				
Statistics				
Intra-governmental	-	-	-	154,849
With the public	-	-	-	290,075
Total cost	-	-	-	444,924
Less earned revenue	-	-	-	(15,964)
Net program cost	-	-	-	428,960
Cost not assigned to programs				
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	<u>\$ 29,793,793</u>	<u>\$ 1,461,077</u>	<u>\$ 417,408</u>	<u>\$ 428,960</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

<u>Mine Safety and Health Administration</u>	<u>Pension and Welfare Benefits Administration</u>	<u>Veterans' Employment and Training</u>	<u>Other Departmental Programs</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 14,703	\$ (25,065)	\$ 782,781
-	-	-	26,583	(16)	27,312,626
-	-	-	41,286	(25,081)	28,095,407
-	-	-	-	25,081	(2,480,333)
-	-	-	41,286	-	25,615,074
-	-	9,944	1,379	(34,450)	43,370
-	-	176,265	3,505	34,247	5,522,606
-	-	186,209	4,884	(203)	5,565,976
-	-	-	-	203	(1,157)
-	-	186,209	4,884	-	5,564,819
-	34,462	-	12,872	(34,489)	103,254
-	90,296	-	62,319	34,420	405,233
-	124,758	-	75,191	(69)	508,487
-	(7,462)	-	-	69	(8,644)
-	117,296	-	75,191	-	499,843
76,935	-	-	69	(38,226)	123,355
209,010	-	-	202	38,214	583,246
285,945	-	-	271	(12)	706,601
(222)	-	-	-	12	(3,199)
285,723	-	-	271	-	703,402
-	-	-	-	(16,501)	138,348
-	-	-	-	10,510	300,585
-	-	-	-	(5,991)	438,933
-	-	-	-	5,991	(9,973)
-	-	-	-	-	428,960
-	-	-	70,542	(4,136)	66,406
-	-	-	(26,963)	4,136	(22,827)
-	-	-	43,579	-	43,579
<u>\$ 285,723</u>	<u>\$ 117,296</u>	<u>\$ 186,209</u>	<u>\$ 165,211</u>	<u>\$ -</u>	<u>\$ 32,855,677</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

H. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2000 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Employment Security</u>	<u>Training and Employment Programs</u>	<u>Eliminations</u>	<u>Total</u>
CROSSCUTTING PROGRAMS				
Income maintenance				
Benefits	\$ 21,137,613	\$ 38	\$ -	\$ 21,137,651
Grants	3,594,435	-	-	3,594,435
Interest	3,316	-	-	3,316
Other	122,624	219	-	122,843
Total cost	<u>24,857,988</u>	<u>257</u>	<u>-</u>	<u>24,858,245</u>
Less earned revenue	<u>(438,178)</u>	<u>-</u>	<u>-</u>	<u>(438,178)</u>
Net program cost	<u>24,419,810</u>	<u>257</u>	<u>-</u>	<u>24,420,067</u>
Employment and training				
Benefits	2,393	51,103	-	53,496
Grants	153,941	4,939,083	-	5,093,024
Other	22,780	205,786	-	228,566
Total cost	<u>179,114</u>	<u>5,195,972</u>	<u>-</u>	<u>5,375,086</u>
Less earned revenue	<u>-</u>	<u>(1,360)</u>	<u>-</u>	<u>(1,360)</u>
Net program cost	<u>179,114</u>	<u>5,194,612</u>	<u>-</u>	<u>5,373,726</u>
Net cost of operations	<u>\$ 24,598,924</u>	<u>\$ 5,194,869</u>	<u>\$ -</u>	<u>\$ 29,793,793</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

I. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2000 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Office of Workers' Compensation Programs</u>	<u>Office of Federal Contract Compliance</u>	<u>Wage and Hour Division</u>	<u>Office of Labor Management Standards</u>	<u>Eliminations</u>	<u>Total</u>
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	\$ 2,520,560	\$ -	\$ -	\$ -	\$ (1,335)	\$ 2,519,225
Interest	541,117	-	-	-	-	541,117
Other	160,615	-	-	-	-	160,615
Total cost	3,222,292	-	-	-	(1,335)	3,220,957
Less earned revenue	(2,068,571)	-	-	-	1,335	(2,067,236)
Net program cost	1,153,721	-	-	-	-	1,153,721
Labor, employment and pension standards						
Benefits	-	12,768	26,326	5,837	-	44,931
Other	-	75,786	156,568	31,322	-	263,676
Total cost	-	88,554	182,894	37,159	-	308,607
Less earned revenue	-	-	(1,251)	-	-	(1,251)
Net program cost	-	88,554	181,643	37,159	-	307,356
Net cost of operations	<u>\$ 1,153,721</u>	<u>\$ 88,554</u>	<u>\$ 181,643</u>	<u>\$ 37,159</u>	<u>\$ -</u>	<u>\$ 1,461,077</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

J. Consolidating Statement of Net Cost by Budget Function

Net cost by budget function for the year ended September 30, 2000 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Natural Resources and Environment</u>	<u>Education, Training and Employment</u>	<u>Health</u>
CROSSCUTTING PROGRAMS			
Income maintenance			
Intra-governmental	\$ -	\$ 55,388	\$ -
With the public	-	191,803	-
Total cost	-	247,191	-
Less earned revenue	-	(2,608)	-
Net program cost	-	244,583	-
Employment and training			
Intra-governmental	-	43,366	-
With the public	-	5,368,398	-
Total cost	-	5,411,764	-
Less earned revenue	-	(1,157)	-
Net program cost	-	5,410,607	-
Labor, employment and pension standards			
Intra-governmental	-	78,021	-
With the public	-	315,026	-
Total cost	-	393,047	-
Less earned revenue	-	(1,251)	-
Net program cost	-	391,796	-
Worker safety and health			
Intra-governmental	-	8,774	114,581
With the public	489	31,002	551,755
Total cost	489	39,776	666,336
Less earned revenue	-	-	(3,199)
Net program cost	489	39,776	663,137
OTHER PROGRAMS			
Statistics			
Intra-governmental	-	138,348	-
With the public	-	300,585	-
Total cost	-	438,933	-
Less earned revenue	-	(9,973)	-
Net program cost	-	428,960	-
Cost not assigned to programs			
Less earned revenue not attributed to programs	-	(22,827)	-
Net cost not assigned to programs	-	43,580	-
Net cost of operations	<u>\$ 489</u>	<u>\$ 6,559,302</u>	<u>\$ 663,137</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

<u>Income Security</u>	<u>General Government</u>	<u>Totals</u>
\$ 727,393	\$ -	\$ 782,781
<u>27,120,823</u>	<u>-</u>	<u>27,312,626</u>
27,848,216	-	28,095,407
<u>(2,477,725)</u>	<u>-</u>	<u>(2,480,333)</u>
<u>25,370,491</u>	<u>-</u>	<u>25,615,074</u>
4	-	43,370
<u>154,208</u>	<u>-</u>	<u>5,522,606</u>
154,212	-	5,565,976
<u>-</u>	<u>-</u>	<u>(1,157)</u>
<u>154,212</u>	<u>-</u>	<u>5,564,819</u>
25,233	-	103,254
<u>90,207</u>	<u>-</u>	<u>405,233</u>
115,440	-	508,487
<u>(7,393)</u>	<u>-</u>	<u>(8,644)</u>
<u>108,047</u>	<u>-</u>	<u>499,843</u>
-	-	123,355
<u>-</u>	<u>-</u>	<u>583,246</u>
-	-	706,601
<u>-</u>	<u>-</u>	<u>(3,199)</u>
<u>-</u>	<u>-</u>	<u>703,402</u>
-	-	138,348
<u>-</u>	<u>-</u>	<u>300,585</u>
-	-	438,933
<u>-</u>	<u>-</u>	<u>(9,973)</u>
<u>-</u>	<u>-</u>	<u>428,960</u>
-	(1)	66,406
<u>-</u>	<u>-</u>	<u>(22,827)</u>
<u>-</u>	<u>(1)</u>	<u>43,579</u>
<u>\$ 25,632,750</u>	<u>\$ (1)</u>	<u>\$ 32,855,677</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 15 - PROGRAM COST - Continued

K. Consolidating Statement of Net Cost by Budget Function (Intra-governmental)

Net intra-governmental cost by budget function for the year ended September 30, 2000 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Education, Training and Employment</u>	<u>Health</u>	<u>Income Security</u>	<u>General Government</u>	<u>Total</u>
CROSSCUTTING PROGRAMS					
Income maintenance					
Intra-governmental	\$ 55,388	\$ -	\$ 727,393	\$ -	\$ 782,781
Less earned revenue	<u>(2,577)</u>	<u>-</u>	<u>(2,476,183)</u>	<u>-</u>	<u>(2,478,760)</u>
Net program cost	<u>52,811</u>	<u>-</u>	<u>(1,748,790)</u>	<u>-</u>	<u>(1,695,979)</u>
Employment and training					
Intra-governmental	43,366	-	4	-	43,370
Less earned revenue	<u>(278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(278)</u>
Net program cost	<u>43,088</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>43,092</u>
Labor, employment and pension standards					
Intra-governmental	78,021	-	25,233	-	103,254
Less earned revenue	<u>(20)</u>	<u>-</u>	<u>(7,393)</u>	<u>-</u>	<u>(7,413)</u>
Net program cost	<u>78,001</u>	<u>-</u>	<u>17,840</u>	<u>-</u>	<u>95,841</u>
Worker safety and health					
Intra-governmental	8,774	114,581	-	-	123,355
Less earned revenue	<u>-</u>	<u>(1,396)</u>	<u>-</u>	<u>-</u>	<u>(1,396)</u>
Net program cost	<u>8,774</u>	<u>113,185</u>	<u>-</u>	<u>-</u>	<u>121,959</u>
OTHER PROGRAMS					
Statistics					
Intra-governmental	138,348	-	-	-	138,348
Less earned revenue	<u>(4,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,841)</u>
Net program cost	<u>133,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,507</u>
Cost not assigned to programs					
Intra-governmental	60,702	-	-	(8)	60,694
Less earned revenue not attributed to programs	<u>(21,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,633)</u>
Net cost not assigned to programs	<u>39,069</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>39,061</u>
Net cost of operations	<u>\$ 355,250</u>	<u>\$ 113,185</u>	<u>\$ (1,730,946)</u>	<u>\$ (8)</u>	<u>\$ (1,262,519)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statement of Changes in Net Position in 2001 and 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
Employer taxes		
Unemployment Trust Fund		
Federal unemployment taxes	\$ 6,937,235	\$ 6,877,654
State unemployment taxes	19,775,275	19,712,777
	<u>26,712,510</u>	<u>26,590,431</u>
Black Lung Disability Trust Fund excise taxes	522,197	518,467
	<u>27,234,707</u>	<u>27,108,898</u>
Interest		
Unemployment Trust Fund	5,764,079	5,357,153
Longshore and Harbor Workers' Trust Fund	1,891	2,458
District of Columbia Trust Fund	157	189
Panama Canal Commission Compensation Fund	6,099	6,109
Energy Employees Occupational Illness Compensation Fund	1,744	-
Black Lung Disability Trust Fund	1,296	1,332
	<u>5,775,266</u>	<u>5,367,241</u>
Assessments		
Longshore and Harbor Workers' Trust Fund	133,948	132,300
District of Columbia Trust Fund	12,170	11,709
Other	595	1,742
	<u>146,713</u>	<u>145,751</u>
Reimbursement of unemployment benefits from state and local governments and non-profit organizations to the Unemployment Trust Fund	1,072,686	1,014,531
	<u>\$ 34,229,372</u>	<u>\$ 33,636,421</u>

NOTE 17 - TRANSFERS

Transfers from (to) other Federal agencies in 2001 and 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2001</u>	<u>2000</u>
Environmental Protection Agency	\$ 650	\$ 650
General Services Administration	2,802	467
From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund	3,000	3,000
	<u>6,452</u>	<u>4,117</u>
General Services Administration	(4,306)	(1,614)
	<u>\$ 2,146</u>	<u>\$ 2,503</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 18 - RECONCILIATION TO THE BUDGET

A reconciliation of budgetary resources, obligations incurred and outlays, as presented in the Consolidated Statement of Budgetary Resources, to amounts included in the Budget of the United States Government for the years ended September 30, 2001 and 2000 is shown below.

<u>(Dollars in millions)</u>	2001		
	<u>Budgetary Resources</u>	<u>Obligations Incurred</u>	<u>Outlays</u>
Consolidated Statement of Budgetary Resources	\$ 47,401	\$ 44,386	\$ 40,721
Pension Benefit Guaranty Corporation reported separately	12,806	1,289	(1,068)
Allocation accounts	242	181	119
Accruals not reported in the budget	(609)	(622)	-
Reclassification between obligations and outlays and receipts in the budget	(63)	(63)	(63)
Unobligated balances transferred to unavailable receipts in the budget	(38)	-	-
Eliminations made for Consolidated Financial Statements	3,739	3,739	-
Expired accounts	(443)	(112)	-
Other	(10)	7	1
Budget of the United States Government	<u>\$ 63,025</u>	<u>\$ 48,805</u>	<u>\$ 39,710</u>

<u>(Dollars in millions)</u>	2000		
	<u>Budgetary Resources</u>	<u>Obligations Incurred</u>	<u>Outlays</u>
Consolidated Statement of Budgetary Resources	\$ 36,957	\$ 34,402	\$ 32,654
Pension Benefit Guaranty Corporation reported separately	11,566	1,160	1,144
Allocation accounts	224	166	158
Accruals not reported in the budget	(278)	(278)	-
Obligations not reported in the budget	(48)	(48)	(48)
Reclassification between obligations and outlays and receipts in the budget	127	127	127
Eliminations made for Consolidated Financial Statements	3,338	3,338	-
Expired accounts	(423)	(123)	-
Other	(29)	(3)	12
Budget of the United States Government	<u>\$ 51,434</u>	<u>\$ 38,741</u>	<u>\$ 34,047</u>

Unemployment Trust Fund receipts are reported as budget authority in the Consolidated Statement of Budgetary Resources. The portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations are precluded by law from being available for obligation. Therefore, these excess receipts are not classified as budgetary resources in the Consolidated Statement of Budgetary Resources, and are shown as a negative adjustment to budget authority. These excess receipts are not included in unobligated balances in the status of budgetary resources included in that Statement. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet. They will become available for obligation as needed in the future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 18 - RECONCILIATION TO THE BUDGET - Continued

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts at September 30, 1999 has been reclassified from unobligated balances, beginning, in the Consolidated Statement of Budgetary Resources for the year ended September 30, 2000 to UTF unavailable collections, beginning, for 2000 presented below.

<u>(Dollars in millions)</u>	<u>2001</u>	<u>2000</u>
Unemployment Trust Fund unavailable collections, beginning	\$ 84,961	\$ 76,219
Budget authority	33,905	32,900
Less obligations	<u>(32,194)</u>	<u>(24,158)</u>
Excess of budget authority over obligations	<u>1,711</u>	<u>8,742</u>
Unemployment Trust Fund unavailable collections, ending	<u>\$ 86,672</u>	<u>\$ 84,961</u>

NOTE 19 - CUSTODIAL REVENUES

Custodial revenues in 2001 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Cash</u>	<u>Less</u>	<u>Net</u>	<u>Increase</u>	<u>Total</u>
	<u>Collections</u>	<u>Refunds</u>	<u>Cash</u>	<u>(Decrease) in</u>	<u>Revenues</u>
			<u>Collections</u>	<u>Amounts to</u>	
				<u>Be Collected</u>	
Civil monetary penalties					
OSHA	\$ 57,974	\$ 186	\$ 58,160	\$ 1,768	\$ 59,928
MSHA	18,576	-	18,576	1,598	20,174
PWBA	14,667	-	14,667	(1,220)	13,447
ESA	<u>12,714</u>	<u>-</u>	<u>12,714</u>	<u>694</u>	<u>13,408</u>
	103,931	186	104,117	2,840	106,957
ETA disallowed grant costs	10,260	(16)	10,244	(8,253)	1,991
Other	<u>1,330</u>	<u>-</u>	<u>1,330</u>	<u>-</u>	<u>1,330</u>
	<u>\$ 115,521</u>	<u>\$ 170</u>	<u>\$ 115,691</u>	<u>\$ (5,413)</u>	<u>\$ 110,278</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 19 - CUSTODIAL REVENUES - Continued

Custodial revenues in 2000 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Cash</u> <u>Collections</u>	<u>Less</u> <u>Refunds</u>	<u>Net</u> <u>Cash</u> <u>Collections</u>	<u>Increase</u> <u>(Decrease) in</u> <u>Amounts to</u> <u>Be Collected</u>	<u>Total</u> <u>Revenues</u>
Civil monetary penalties					
OSHA	\$ 62,247	\$ (187)	\$ 62,060	\$ (1,676)	\$ 60,384
MSHA	17,705	-	17,705	3,788	21,493
PWBA	13,368	-	13,368	1,498	14,866
ESA	13,655	(1)	13,654	84	13,738
	<u>106,975</u>	<u>(188)</u>	<u>106,787</u>	<u>3,694</u>	<u>110,481</u>
ETA disallowed grant costs	6,425	(3,143)	3,282	20,138	23,420
Other	<u>770</u>	<u>-</u>	<u>770</u>	<u>-</u>	<u>770</u>
	<u>\$ 114,170</u>	<u>\$ (3,331)</u>	<u>\$ 110,839</u>	<u>\$ 23,832</u>	<u>\$ 134,671</u>

NOTE 20 - DEDICATED COLLECTIONS

DOL is responsible for the operation of four major trust funds. The financial position of each trust fund as of September 30, 2001 is shown below and on the following page.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung</u> <u>Disability</u>	<u>Longshore</u> <u>and Harbor</u> <u>Workers'</u>	<u>District of</u> <u>Columbia</u>
Assets				
Intra-governmental				
Funds with U.S. Treasury	\$ 387,435	\$ 38,066	\$ 274	\$ 32
Investments	88,638,295	-	58,712	5,433
Accounts receivable, net				
Due from other Federal agencies				
For UCX and UCFE benefits	194,989	-	-	-
Interest	<u>1,436,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total intra-governmental	90,657,050	38,066	58,986	5,465
Accounts receivable, net				
State unemployment tax	165,847	-	-	-
Due from reimbursable employers,	326,373	-	-	-
Benefit overpayments	154,490	11,229	-	-
Other	-	1,100	3,538	197
Advances to states	<u>169,095</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 91,472,855</u>	<u>\$ 50,395</u>	<u>\$ 62,524</u>	<u>\$ 5,662</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 20 - DEDICATED COLLECTIONS - Continued

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Longshore and Harbor Workers'</u>	<u>District of Columbia</u>
Liabilities				
Intra-governmental				
Accounts payable to ETA - SUIESO	\$ 1,027,198	\$ -	\$ -	\$ -
Advances from U.S. Treasury	-	7,253,557	-	-
Amounts held for the Railroad Retirement Board	32,381	-	-	-
Total intra-governmental	<u>1,059,579</u>	<u>7,253,557</u>	<u>-</u>	<u>-</u>
Accrued benefits	1,407,168	29,703	1,739	121
Other	-	-	33,992	3,281
Total liabilities	<u>2,466,747</u>	<u>7,283,260</u>	<u>35,731</u>	<u>3,402</u>
Net position				
Cumulative results of operations	<u>89,006,108</u>	<u>(7,232,865)</u>	<u>26,793</u>	<u>2,260</u>
Total liabilities and net position	<u>\$ 91,472,855</u>	<u>\$ 50,395</u>	<u>\$ 62,524</u>	<u>\$ 5,662</u>

The net results of operations of each trust fund for the year ended September 30, 2001 is shown below.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Longshore and Harbor Workers'</u>	<u>District of Columbia</u>
Cost, net of earned revenues				
Benefits	\$ (28,544,470)	\$ (391,087)	\$ (130,727)	\$ (11,229)
Interest	(4,029)	(567,814)	-	-
Administrative	(88,579)	(51)	-	-
	<u>(28,637,078)</u>	<u>(958,952)</u>	<u>(130,727)</u>	<u>(11,229)</u>
Earned revenue	390,155	-	-	-
	<u>(28,246,923)</u>	<u>(958,952)</u>	<u>(130,727)</u>	<u>(11,229)</u>
Net financing sources				
Taxes	26,712,510	522,197	-	-
Interest	5,764,079	1,296	1,891	157
Assessments	1,072,686	-	133,948	12,170
Transfers-in				
DOL entities	7,300	-	-	-
Transfers-out				
DOL entities	(3,539,681)	(51,897)	(1,981)	-
	<u>30,016,894</u>	<u>471,596</u>	<u>133,858</u>	<u>12,327</u>
Net results of operations	1,769,971	(487,356)	3,131	1,098
Net position, beginning of period	<u>87,236,137</u>	<u>(6,745,509)</u>	<u>23,662</u>	<u>1,162</u>
Net position, end of period	<u>\$ 89,006,108</u>	<u>\$ (7,232,865)</u>	<u>\$ 26,793</u>	<u>\$ 2,260</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 20 - DEDICATED COLLECTIONS - Continued

The financial position of each trust fund as of September 30, 2000 is shown below.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Longshore and Harbor Workers'</u>	<u>District of Columbia</u>
Assets				
Intra-governmental				
Funds with U.S. Treasury	\$ 270,800	\$ 22,406	\$ 451	\$ 62
Investments	86,399,148	-	58,379	4,421
Accounts receivable, net				
Due from other Federal agencies				
For UCX and UCFE benefits	236,458	-	-	-
Interest	1,417,336	-	-	-
Total intra-governmental	<u>88,323,742</u>	<u>22,406</u>	<u>58,830</u>	<u>4,483</u>
Accounts receivable, net				
State unemployment tax	244,838	-	-	-
Due from reimbursable employers,	287,134	-	-	-
Benefit overpayments	135,972	10,364	-	-
Other	-	1,206	1,227	3
Advances to states	<u>162,749</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 89,154,435</u>	<u>\$ 33,976</u>	<u>\$ 60,057</u>	<u>\$ 4,486</u>
Liabilities				
Intra-governmental				
Accounts payable to ETA - SUIESO	\$ 1,015,163	\$ -	\$ -	\$ -
Excess investments due to U.S. Treasury	14,872	-	-	-
Advances from U.S. Treasury	-	6,748,557	-	-
Amounts held for the Railroad				
Retirement Board	91,044	-	-	-
Total intra-governmental	<u>1,121,079</u>	<u>6,748,557</u>	<u>-</u>	<u>-</u>
Accrued benefits	797,219	30,928	1,285	92
Other	<u>-</u>	<u>-</u>	<u>35,110</u>	<u>3,232</u>
Total liabilities	<u>1,918,298</u>	<u>6,779,485</u>	<u>36,395</u>	<u>3,324</u>
Net position				
Cumulative results of operations	<u>87,236,137</u>	<u>(6,745,509)</u>	<u>23,662</u>	<u>1,162</u>
Total liabilities and net position	<u>\$ 89,154,435</u>	<u>\$ 33,976</u>	<u>\$ 60,057</u>	<u>\$ 4,486</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2001 and 2000

NOTE 20 - DEDICATED COLLECTIONS - Continued

The net results of operations of each trust fund for the year ended September 30, 2000 is shown below.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Longshore and Harbor Workers'</u>	<u>District of Columbia</u>
Cost, net of earned revenues				
Benefits	\$ (21,132,946)	\$ (418,726)	\$ (129,453)	\$ (11,520)
Interest	(3,316)	(541,117)	-	-
Administrative	(88,437)	(49)	-	-
	<u>(21,224,699)</u>	<u>(959,892)</u>	<u>(129,453)</u>	<u>(11,520)</u>
Earned revenue	420,399	-	-	-
	<u>(20,804,300)</u>	<u>(959,892)</u>	<u>(129,453)</u>	<u>(11,520)</u>
Net financing sources				
Taxes	26,590,431	518,467	-	-
Interest	5,357,153	1,334	2,458	189
Assessments	1,014,531	-	132,300	11,709
Transfers-in				
DOL entities	103,257	131	-	-
Transfers-out				
DOL entities	(3,417,971)	(49,771)	(1,740)	-
	<u>29,647,401</u>	<u>470,161</u>	<u>133,018</u>	<u>11,898</u>
Net results of operations	8,843,101	(489,731)	3,565	378
Net position, beginning of period	<u>78,393,036</u>	<u>(6,255,778)</u>	<u>20,097</u>	<u>784</u>
Net position, end of period	<u>\$ 87,236,137</u>	<u>\$ (6,745,509)</u>	<u>\$ 23,662</u>	<u>\$ 1,162</u>